

Mr Begin tells Egypt it must now make concessions for peace

The Knesset gave overwhelming approval last night to Mr Begin's peace proposals. The Prime Minister said Israel had done its part at Ismailia and it was now up to Egypt to make concessions. After his unexplained absence, Mr Dayan, the Foreign Minister, appeared in Parliament. He is said to have been seeing the Shah in Teheran. Jordan is expected to join the foreign ministers' meeting in Jerusalem in mid-January, and Mr Vance, the Secretary of State, will attend.

Knesset approves Premier's plan

From Moshe Brilliant
Tel Aviv, Dec 28
Mr Begin, the Prime Minister, today said that it was now up to Egypt to make concessions to advance a Middle East peace. Israel, he said, had done its part at Ismailia and it was now up to Egypt to make concessions. After his unexplained absence, Mr Dayan, the Foreign Minister, appeared in Parliament. He is said to have been seeing the Shah in Teheran. Jordan is expected to join the foreign ministers' meeting in Jerusalem in mid-January, and Mr Vance, the Secretary of State, will attend.

Mr Begin gave the Knesset details of his proposals, including a complete withdrawal from the Sinai Peninsula and administrative autonomy for the Palestinian Arabs in the West Bank and the Gaza Strip. These proposals have been criticized by Mr Begin's opponents and by his supporters as excessively generous for an opening move. But the Prime Minister said they represented the only possible way to a peace treaty.

The peace plan had been discussed by Mr Begin with President Carter in Washington and Mr Callaghan in London before his meeting with President Sadat this week. Mr Begin told journalists in the Knesset restaurant today that some minor changes were adopted at yesterday's Cabinet meeting and communicated to Cairo via the Americans. Official secrecy over yesterday's disappearance of Mr Dayan, the Foreign Minister, was maintained today but informed sources said he had been in Teheran seeing the Shah. The minister surfaced yesterday in Parliament but refused to explain his movements.

It has been noted here that King Hussein of Jordan will be in Teheran today, and there is speculation that the Shah had been asked to induce the King to enter the peace negotiations.

South-east firemen press executive to recall national union conference

Donald MacIntyre
Labour Reporter
The Fire Brigades Union executive meets again today without any real sign that the deadlock in the six-week strike is about to be broken.

The union's south-eastern region, made up of Surrey, Kent and Sussex, yesterday again mandated Mr David Shepherd, its executive secretary, to press for a recall of the national conference, which alone has the power to end the strike.

Merseyside firemen are convening an inter-union conference in Liverpool on January 5 in the hope of attracting support for one-day strikes on January 16, when a mass lobby of Westminister in support of the union's case is planned.

Mr Terence Field, the Mersey executive member, and Mr John Lewis, the London executive member, are expected to press for tougher action.

Mr James Sillars, MP, for Argyllshire, South, a former fireman, has written to Mr Rees, Home Secretary, suggesting that the firemen's pay should be linked to the pay of skilled industrial workers by November, 1979, should be underwritten by Act of Parliament.

Return to work: Two fifths of

the striking firemen in Hertfordshire reported for work yesterday (our Colchester correspondent writes). The 70 men who have joined 40 part-timers who did not take part in the strike blamed lack of money for their decision. Action by women: Thirteen women members of the union at Peterborough want to return because they are short of money (the Press Association reports). Mr Janet Summers, senior council officer at Peterborough fire service headquarters, said: "Quite a few of the women are breadwinners, with no men in the family."

Their request will be considered at the next meeting of the Cambridge Emergency Committee on January 3. Striking firemen complained yesterday that they were not given the chance to try to save two children who died in a fire in North London.

Christopher Havock, aged nine and his sister, Alicia, aged seven, were in a first-floor bedroom when fire swept through their parents' small terrace house in Bulwer Road, Edmonton.

Mr Bernard Havock, aged 31, and his wife Caroline, aged 28, her brother, Mr Miles Theimaun, aged 26, and his wife

and their son aged 13 months, escaped.

Mr John Ayres, union branch secretary at Edmonton fire station, said that he and five others were on picket duty at the time and could have got to the house in three minutes. The police had alerted them immediately.

He said the first they knew about it was when another fireman, who had a relative living in the road, told them. "We got our breathing apparatus and the whole crew of six drove to the house, but by the time we got there the house was burnt out."

A fire brigade control official said the 999 call was received at 5.08 am, the police checked in, and the order to mobilize was received at 5.13 am. The first Green Goddess arrived shortly before 5.23 am. An RAF rescue team with breathing apparatus had arrived earlier.

The Ministry of Defence confirmed yesterday that soldiers who have been sent to the Military Corrective Training Centre at Colchester for offences against discipline were called in to release troops for a Christmas and New Year break.

Man questioned: After a second fire within a week in a Wisbech flat a man was being interviewed by the police last night.



A heavily engaged R. J. Davenport in the under-16 section of the "Evening Standard" chess congress in London yesterday.

Concorde given Carter boost

From Charles Hargrove
Paris, Dec 28

President Carter told Mr Callaghan and President Giscard d'Estaing today by the special telelink that American obstacles to the commercial future of Concorde had been removed.

A statement by the Elysée Palace said that the message, in reply to a request by the French President, was of vital importance for the prospects of the Franco-British supersonic airliner.

It told M Giscard d'Estaing that the Governor of New

Jersey had vetoed the decision two weeks ago by the Port of New York Authority which set a limit of 108 decibels as the maximum permissible noise for any aircraft on take-off or landing at airports under its jurisdiction from 1985. This would have effectively eliminated Concorde.

Although satisfaction is expressed by the French Transport Ministry and Air France over the American President's message the fact remains that its direct impact is limited. It removes an obstacle to the future of Concorde which

would have arisen after 1985, but plenty of others can arise in the meantime, notably on the expiration of the 16-month trial period for Concorde confirmed by the Supreme Court judgement in the autumn.

However, President Carter is fully aware that Concorde is a highly sensitive political issue between France and the United States; and there is no doubt that his message is designed more to create a favourable atmosphere for his visit to this country early next month, than for its practical effect on Concorde's prospects.

Scots miners' leaders agree incentive talks

By Ronald Faux and
Ronald Keruhaw

Scottish miners' leaders agreed yesterday to discuss with the National Coal Board the future of productivity deals. In the Yorkshire coalfield a ballot early in the new year on incentive bonus schemes promises to be close.

Delegates and officials of the National Union of Mineworkers' Scottish area, meeting in Edinburgh, reiterated in their total opposition to incentive schemes.

Mr Michael McGahay, area president, said later: "We are dealing with the world we are in and not the one we should like." He had opposed incentive agreements and believed the main Scottish effort to improve conditions for miners was to be based on a £13.5-a-week wage claim.

The meeting discussed feelings in the Scottish coalfield since the conference of delegates and secretaries on December 12 had condemned the union's national executive for permitting area incentive schemes. Miners' leaders threatened protest action if the board used such schemes to disguise their unwillingness to discuss the future of the industry.

The attitude changed after the

High Court judgment on December 21 refusing an injunction against the national executive's action. Some miners began negotiating incentive schemes, and that clearly influenced the Scottish leaders, who had voted 83 per cent against incentive schemes.

Mr Owen Briscoe, general secretary of the miners' Yorkshire area, is to resign as a magistrate on the Barmby bench in protest at the ruling.

The four-day strike at the record-breaking Solihull colliery, near Dursley, Here, added to the pressure. It ended only when the union agreed to call a delegates meeting. The Scottish industry is still battling overtime and their delegates voted against holding talks with the board to make incentive agreements uniform throughout the industry.

The change of information signs those giving the distance from one place to another will be done more gradually. Most of the cost of conversion will fall on local authorities.

Speed limits are not likely to change much as a result of conversion into kilometres an hour. The 30mph in built-up areas, which is the equivalent of 48km, will probably be

Crossman's ambition was 'to run the country' Sir Harold sees diarist as Rasputin

By Fred Emery
Political Editor

The late Richard Crossman was a well-appointed Rasputin figure who wanted to run the country with the Prime Minister, using Cabinet and Parliament as a rubber stamp, and who felt that all the Labour Government's failures arose from the Prime Minister's failure to ratify the appointment.

That is one of the many reports by Sir Harold Wilson to his Cabinet colleagues, chairman and co-conspirator, in a BBC talk on New Year's Day (Radio 3, 10.35 pm).

Sir Harold also sees Crossman as a "political innocent" as a major factor in Labour's defeat in the 1970 election. The BBC transcript conveys an impression of the former Prime Minister skilfully using his half-hour to praise Mr Crossman and to denigrate the *Crossman Diaries*, particularly volume II.

He scorns the diarist as an "avid recorder of gossip" whose record is "sullied by two facts": "that it was not true; and that it was a great attribution of phrases never spoken by the other that Crossman, the great joker, took everyone else's jokes and

off-the-cuff remarks "as dead serious, almost as contributions to our unwritten constitution".

None the less, Sir Harold does confirm Crossman's disclosure that in May, 1969, his own leadership "seemed to be in danger".

He mentions it only to show that when Crossman and Mrs Castle loyally rallied to him against any self-appointed pretender the diarist managed to omit recording a remark that (Sir Harold says) Mrs Castle made in his presence. Making sure that Crossman harboured no personal ambitions, Sir Castle is reported as saying: "It can't be you, Dick; you're too old, you're a bit far and you've got young children."

Blame for the 1970 defeat is apportioned by Sir Harold because Crossman supposedly talked the Cabinet (or a strong minority) into preferring June 18 to Sir Harold's proposed date of June 11.

Sir Harold's explanation is laboured. He declares that, despite Labour losses in county council elections in April, there was in May clear evidence of a pro-government groundswell in the constituencies.

Almost alone, Crossman

wanted to see that tested in the city in the forthcoming elections, which apparently meant deferring the election to June 18, if the existing convention of a four-week campaign was to be observed. Sir Harold maintains that Labour would have won a three-week campaign, or won in four weeks had they started a week earlier. He suggests that Crossman managed to forgo his warm acceptance, in Cabinet, of the chosen election date by the time he got to his diary.

Much of Sir Harold's time is devoted to rebutting what he views as Crossman's obsessive central "theory" that the Cabinet had become a creature of the presidential Prime Minister. "He could not understand the proposition that a Prime Minister is more powerful than any other member of his Cabinet but not more powerful than two or three senior ministers working together, and certainly not more powerful than the rest of the Cabinet taken as a whole."

In particular Sir Harold rejects the Crossman theory that the Prime Minister of the day, regardless of what a Cabinet

Continued on page 2, col 2

Metric motoring change may take years

By Peter Waymark
Motoring Correspondent

An announcement that the Government intends to introduce the metric system for road signs is expected from Mr Rodgers, Secretary of State for Transport, early in the new year. But it may be 1985 before the conversion from miles to kilometres is complete.

A fire brigade control official said the 999 call was received at 5.08 am, the police checked in, and the order to mobilize was received at 5.13 am. The first Green Goddess arrived shortly before 5.23 am. An RAF rescue team with breathing apparatus had arrived earlier.

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formulate draft proposals, which will be sent for approval to the EEC. But that is not likely to happen before 1980 at the earliest; the minimum period of 10 years was being put by officials yesterday at five years.

Speed limit signs, being mandatory, will have to be changed as quickly as possible and that will probably happen in one operation so as to cause the least confusion to drivers.

The change of information signs, those giving the distance from one place to another, will be done more gradually. Most of the cost of conversion will fall on local authorities.

Speed limits are not likely to change much as a result of conversion into kilometres an hour. The 30mph in built-up areas, which is the equivalent of 48km, will probably be

come 50km as a round figure that drivers will easily remember.

The 40mph limit will be rounded up slightly to 65kmh and the 60mph limit, which applies to all single-carriageway roads not otherwise restricted, might become 100kmh, though 95kmh is a nearer equivalent.

The most contentious change will concern the 70mph limit on motorways and other dual-carriageway roads. The nearest metric round figure is 110kmh, equivalent to just over 68mph, but there will be pressure on the Government to go for a higher limit.

The Automobile Association maintains that the 70mph limit tends to create a dangerous bunching, and suggests that it should be advisory only. It would like the legal limit to be raised to 80mph, about 130kmh.

Leading article, page 9

PO heading for big surplus again

The Post Office, which last summer required to return more than £100m in excess profits to telephone subscribers, is heading for a big surplus in the current financial year. Speculation based on internal preliminary accounts—puts it at £450m, but a spokesman for the corporation said this figure was too high. Earlier this month, Sir William Barlow, the new Post Office chairman, said he hoped telephonic charges could be held beyond spring.

Nuclear decision

South Africa is expected to announce its decision to go ahead with the construction of uranium enrichment plant for nuclear fuel. It is concerned that if sanctions are stepped up, the United States may refuse to supply enriched uranium for a power station being built near Cape Town.

Staff dishonesty

The demand for undercover agents by businesses worried about staff dishonesty is increasing. One agency that specialises in providing them says its business is increasing by about a fifth a year.

'Parrot's Beak' war

Vietnamese troops are fighting Cambodian forces in the "Parrot's Beak", some 50 miles from Saigon, according to diplomatic sources. Observers estimate that 20,000 Cambodian regular troops are engaged. Analysts suggest that this may be the beginning of a Sino-Soviet war by proxy.

New Fed chairman

Mr G. W. Miller, president of Testron, is to replace Dr Arthur Burns as chairman of the Federal Reserve Board, it was reported in Washington last night.

Gun murder in Rome

Signor Angelo Pistoleto, an Italian right-winger held briefly last year under suspicion of complicity in the murder of a young communist, was shot dead in Rome yesterday. He was shot in the back as he was leaving for work.

Bargain-hunters

Although the retail trade did at best only reasonable business before Christmas, West End stores reported crowds of bargain hunters, and taking indicated that last year's figures would be exceeded.

Spina bifida: MPs are being asked to support law reform to safeguard spina bifida babies against premature death through over-education

Republic of Ireland: A four-page Special Report on the political and economic transformation of the country

Leader page 9

Letters: US the future of Myra Hindley. From Lord Longford: Planning controls on builders. From Mr Ian Deslandes: Leading articles: Unemployment; China's political economy; Metric roads.

Features pages 6 and 11

David Blake asks whether the world can avoid another economic recession; Geraldine Norman concludes her examination of the challenge of industrialized societies. Arts, page 5. Sheridan Heyes talks to Marvin Hamisch; Stanley Reynolds on Orpheus in the Underworld (BBC 2); Barry Millman on the Farouk Quartet; Patrick J. Smith on certain commissions by the New York Philharmonic Orchestra.

Obituary, page 10

Sir Herbert Seddon; Mrs Kathleen Clark; Lord Schöne. Sport, pages 6 and 7. Football: Nottingham Forest go five points clear at the top of the first division; Dennis Tueart rejects £300,000 move to Manchester United.

Business News, pages 12-16

Stock markets: Equities had a strong day, helped by the OECD forecasts. The FT index closed 6.7 up to 480.4. Financial Editor: The omens for 1978; Markets in 1977: Glits lead the way; Sector performance. Business Editor: End of the transitional phase of Britain's membership of the EEC—Maurice Corbin on industry and Hugh Clayton on agriculture.

Mr Churchill in mercy flight to help German boy

By Our Foreign Staff

A West German boy aged eight, yesterday received a kidney flown to Hamburg by Mr Winston Churchill, MP, in his private aircraft. Hamburg, Eppendorf University hospital said the transplant had been successful.

Mr Churchill, Conservative MP for Streatham, had piloted his two-engine Piper Seneca through gale-force winds from Gatwick airport to Hamburg to deliver the kidney of a man aged 44. His wife Mary navigated.

The mission was organized by the air wing of St John Ambulance Brigade.

The kidney, which became available at the Royal Free Hospital, London, was handed over at Gatwick early yesterday morning. "There was a force-nine gale during the flight across the North Sea, but I've never worse weather," Mr Churchill said on his return.

An ambulance and police escort met them at Hamburg.



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Increasing demand by businesses for undercover agents

By Peter Evans
Home Affairs Correspondent

The demand for undercover agents by businesses worried about staff dishonesty is increasing. Lodge Service (Security) Ltd, which specialises in providing them, says the undercover 'business' is growing by about a fifth a year.

The amount of scaling by staff has been obscured by publicity given to shoplifting, particularly some of its more dramatic aspects, such as theft by Arabs and others with respectability to lose and pounds to spare.

Some estimates put the annual loss to retailers through pilfering at more than £500m a year, seven tenths of it by staff, the rest through shoplifting and other dishonesty by customers although not all firms put so much blame on staff. The growing use of undercover agents in industry, commerce and retailing has detected some astonishing examples of organised theft.

Mr Howard Sledmore, of Lodge Service told me that in one business an undercover agent discovered a widespread racket in men's and women's wear. "Ultimately the police had to be called in. But they had to be called out again because the firm would have lost a third of its staff at one of the busiest times of the year."

An undercover agent is chosen for his clean record, ability to fit into a variety of jobs, win the confidence of other workers where he is operating, and to work long hours.

The 140 applicants who responded recently to a fully-worked advertisement were pruned eventually to three, and Lodge Service, which trains them and supervises operations, likes to sharpen their vigilance by using them as store detectives between spells of clandestine working.

Only two people in the client firm are likely to know that an agent is installed. He applies in the normal way for a job there, in a warehouse or some other place where loss is suspected.

Each night, after what other people would regard as a normal working day, the agent produces in the veraculous account of what he has seen. Lodge's executives make no attempt to edit, in the flavour of the report and tone of language may have meanings for the client that an edited version might obscure.

The reports are sent weekly to the managing director, usually to his private address, and that of his delegate. Apart from the obvious need to ensure an undercover man's safety, one reason for limiting his contacts is that lax raiding management may have given the opportunity for pilfering or for maladministration.

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Campaign to safeguard spina bifida babies

By David Nicholson-Lord

A reform of the law making it mandatory for deaths in the first year of life to be reported to a coroner is being urged by the Society for the Protection of Unborn Children in a new campaign to safeguard spina bifida babies against premature death through over-sedation.

The society stated yesterday that there was growing evidence of doctors prescribing large overdoses of sleep-inducing drugs for babies born with severe spina bifida, that no operation is possible. The babies do not cry when they are hungry and die through lack of food.

Dr Margaret White, vice-chairman of the society, estimated that about a fifth of the two thousand babies born every year with spina bifida, a condition involving malformation of the spine and spinal cord, were being allowed to die in that way.

Nearly two hundred MPs are being asked in a letter to support the reform. The society says requests or full reports would not be needed in all cases, but coroners and procurators fiscal in Scotland, and procurators fiscal in Scotland, would be able to check on treatment in centres with high death rates among spina bifida babies who do not undergo an operation. Usually more than half those babies would leave hospital alive, even though most of them would not survive beyond the age of two.

Common questions are to be asked by Mr Nicholas Winter, Conservative MP for Macclesfield. At a press conference to launch the campaign yesterday, Mrs Anne Wood, a nurse, said she had witnessed a case of over-sedation when working in the neonatal ward of a Glasgow children's hospital.

Mrs Betty Warneck, of Dudley, West Midlands, the mother of a 14-year-old boy suffering from the condition, said that despite medical progress, she thought her son was mentally defective if he survived beyond the age of three he was among the top pupils in his class on most subjects and recently climbed the stairs to the family's eighth-floor flat during a lift strike.

Some doctors were reporting a 100 per cent death rate in the early months of life among spina bifida babies who do not undergo an operation. Usually more than half those babies would leave hospital alive, even though most of them would not survive beyond the age of two.

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Paul Warneck, despite spina bifida, climbs 18 flights.

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Gazumping back in home-buying market

By a Staff Reporter

Gazumping has returned to the home-buying market, according to a report published yesterday by the chief surveyor of a large building society. The practice has not become widespread yet but in one case it added nearly £6,000 to the price of a house near London.

Mr Peter Moreton, the author of the report and chief surveyor for the Anchor Building Society, said gazumping was returning to sales in the middle price range, often in "the most sought-after commuter belt areas".

The worst case reported was in November at Morden, south London, when the price of a four-bedroom house rose from £18,000 to £23,500. At Bargo, Leicestershire, the other property, which Mr Moreton said was "not a luxury class house", increased in price by £2,750.

Gazumping began to return towards the end of the year, Mr Moreton said, and one reason was the continued shortage of housing. Sellers had also been reducing their prices in the past year because the market had been in the doldrums and pricing had not kept pace with rising demand.

He did not accept that the building societies were to blame because funds were still being rationed, although they might

have played a role in the great gazumping period of 1972 and 1973.

He did not think the practice was widespread at present, and the Morden case was exceptional in terms of the money involved. If gazumping increased the average amount involved might be a tenth of the original selling price.

In the past few months estate agents in some of the more popular areas of central London have reported little new money on their lists. In the case of flats it has become common to find one property on the lists of three or four agents.

The National Association of Estate Agents said yesterday that if gazumping became widespread again it was likely that the building societies would try to put a brake on it by reducing the funds. Legislation, if introduced, might follow the example of Scottish law, which makes the acceptance of an offer more binding on both parties.

The Royal Institute of Chartered Surveyors has also had reports from members about recent cases. It said: "There is no evidence at all of any recurrence of gazumping. It has always occurred where people want a particular property."

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Garages differed on car that failed 21 tests

By Our Motoring Correspondent

The stricter annual vehicle test for cars introduced a year ago is being far from uniformly administered, according to a survey by the Automobile Association magazine, *Drive*.

Drive put an Austin 1100 manufactured 11 years ago, and bought at a public auction with a five-day-old pass certificate, through the test at 21 garages. Although it failed every time the garages could not agree on its faults or discover some that were potentially dangerous.

According to AA engineers who examined the car after it was bought there were 25 important defects that made the vehicle "totally unroadworthy and dangerous". They considered that the car should not be used on public roads until repairs had been done.

Five of the garages failed the car on the ordinary black-and-white VT21 refusal form, not on the red-and-white VT2 form, which gives warnings that the vehicle is dangerous for use on the road.

One London garage not only refused to pass the vehicle but threatened to report Drive's investigator to the police if he drove the test car. The Department of Transport's own centre at Hendon failed the car on a VT21 form, crossing out the word "dangerous" on the check list.

Mr Arthur Johnson, chairman of the Motor Agents' Association's technical committee, put the discrepancies down to difficulties of interpretation. "Many aspects of the test still rely on an examiner's own judgment," he said.

European composers are to make London visit

By Our Music Reporter

Two of Europe's leading composers will visit Britain next month to appear at the tenth anniversary concert of the London Sinfonietta, an orchestra that specialises in modern music.

Giuseppe Berio, from Italy, will conduct two of his own works, *Différance* and *Points on the curve to find*, and Witold Lutoski, from Poland, will conduct his *Prelude and Fugue*.

The composers' willingness to appear with the Sinfonietta is an indication of the high reputation it enjoys on the Continent, where its frequent appearances have gained critical acclaim.

Since it was founded a decade ago by Nicholas Snowman and David Atherton, the Sinfonietta,

which has between 12 and 22 players, has been championed by modernists, with all the difficulties that that represents in Britain, where support for contemporary music has never been great.

The orchestra does more touring abroad than in Britain, because there is more money available there than for home tours.

The concert on January 24 at the Queen Elizabeth Hall, London, will include the premiere of a work by Harrison Birtwistle, the British composer, entitled *Carmen arcadique*, which will probably be conducted by the composer.

Simon Ratcliffe will conduct Sir Michael Tippett's *Songs for Dow*, with Gerald English as the tenor soloist.

Crew safely off stranded ship

The 28 members of the crew of the Conqueror, the Grimsby trawler, stuck fast on rocks off the Cornish coast, were all safely off the vessel last night as salvage experts worked on.

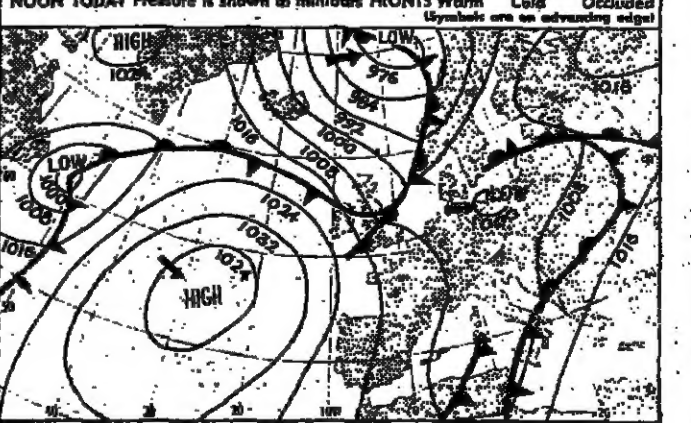
They were taken off by Fenella Leabon, a helicopter pilot, who went around near Mousehole harbour in Tuesday's gales.

Aviation fuel spills in river

Stocks of detergent were sent to the Hamble river, near Southampton, last night when a pipeline fractured, releasing 2,500 gallons of aviation spirit at Church Lane, Burdwood, near the busy A27 road.

Workers at the Shell fuel dump shut down the pipe.

Weather forecast and recordings



Today
Sun rises: 8.5 am. Sets: 3.35 pm.
Moon rises: 8.25 pm. Moon sets: 8.25 pm.

Last quarter: January 2.
Lighting up: 4.29 pm to 7.36 pm.
High water: London Bridge, 3.50 am, 7.00 am (22.6 ft); 4.13 pm, 7.00 am (22.9 ft). Avonmouth, 9.3 am, 12.5 pm, 3.23 pm, 12.25 am (21.6 ft). Dover, 12.51 am, 5.5 am (21.6 ft). 1.7 pm, 6.44 am (20.9 ft). Hull, 8.20 am, 6.7 am (22.1 ft). 3.13 pm, 7.00 am (23.1 ft). Liverpool, 1.3 am, 5.2 am (23.3 ft). 1.12 pm, 8.5 am (23.1 ft).

A declining ridge of high pressure over S Britain will be followed by troughs of low pressure moving SE from N Britain.

Forecasts for 6 am to midnight:
London, SE, Central S, SW England, East Angles, Midlands, E England, Channel Islands, S (43°F), falling later.

WEATHER REPORTS, YESTERDAY MIDDAY: c, cloud; d, drizzle; f, fog; h, hail; s, rain; w, snow.
Aberdeen: c, 49°F. Belfast: c, 49°F. Birmingham: c, 49°F. Bristol: c, 49°F. Cardiff: c, 49°F. Exeter: c, 49°F. Glasgow: c, 49°F. Harrogate: c, 49°F. Hull: c, 49°F. Ipswich: c, 49°F. Leeds: c, 49°F. London: c, 49°F. Manchester: c, 49°F. Newcastle: c, 49°F. Nottingham: c, 49°F. Oxford: c, 49°F. Plymouth: c, 49°F. Reading: c, 49°F. Southampton: c, 49°F. Swansea: c, 49°F. Tyneside: c, 49°F. Wakefield: c, 49°F. Wolverhampton: c, 49°F. York: c, 49°F.

Visa difficulties upset start of chess contest

From Harry Golombek
Chess Correspondent

With two players, Sox of Hungary and Suba of Romania, still missing because of visa troubles, and a third, the Czechoslovakian, arriving too late, only five games could be played in the first round of the Premier chess tournament at Hastings yesterday.

The lively play more than made up for the uneven nature of the round, however, and it was particularly pleasing to find the young Russian grandmaster, Boris Spassky, doing well against some powerful opponents.

Nyand and Spelman played two steady draws against Vladimir Kramnik and Shamkovich, the grandmasters. But Jonathan Tisdall, the young American, proved no match for the former world champion, Petrosian, who won on time with 13 moves to go.

Shortly afterwards, Simon Webb scored a well-merited victory over Spassky, the young Russian grandmaster, and George Borrelli, the British champion, rounded off a good day for the home players by completely outplaying Kagan the Israeli international master.

Rail link broken

Lorries will replace the Royal Navy's 130-year-old link between Portsmouth dockyard and the mainline rail system which has been cut because old workshops and siding areas are needed for redevelopment.

Decree for peer

Lord Hillingdon, aged 55, was granted a decree nisi in London yesterday on the ground of two years' separation from his wife, formerly Lady Sarah Grey Stuart, daughter of Lord Aloray.

Crossman 'a compulsive educator' - Sir Harold

Continued from page 1

night decide, "could reverse the entire discussion and impose his idiosyncratic doctrine by sitting down the following day with a secretary of the Cabinet to 'cook the minutes'."

Having found Crossman "a philosopher-king", a "compulsive teacher", Sir Harold now finds that while a second-year student would never have sought to maintain such a thesis, "Dick was the one person I could not consult".

Conversely, Crossman's suggestion that the date was settled in a tête-à-tête in February ignored the facts. He gives one example of Crossman's leading when he "educated" lobby journalists over Cabinet divisions at what Sir Harold describes as their weekly unattributable briefing with the leader of the House.

Cabinet silence was broken by a pending decision over expelled Kenya Asians. The next day the Cabinet's division was splashed on every front page. Crossman had protested that

HOME NEWS

China raises tour quota from 146 to 2,000

By Ian Bradley

The Chinese authorities have invited Thomas Cook, the travel company, to bring 2,000 visitors to China next year after previously setting the 1976 quota at 146. This year Cook has taken 120 visitors to China.

The invitation was made to Mr Trevor Davies, Cook's director of tour operations, when he visited Peking just before Christmas. New areas are to be opened to tourists. He said yesterday that the Chinese seemed particularly interested in attracting European tourists. No similar increase in the number of visitors allowed has been made for American or Australian tour operators.

Cook will run two basic holidays in China in 1978, with departures about every 10 days between February and October. An 11-day tour will cost £569 and a 14-day tour £630, both including air fares to and from London and other Far Eastern countries.

Next year's programme will include visits to areas in north-east and south China that have previously been closed to tourists. New destinations will include Hangzhou, Changchun, Sian and Nanjing.

The company has a long connection with China. In 1874 Thomas Cook, the founder, visited Peking and Shanghai on his first tour. The company maintained offices in both cities and organized business and holiday travel for Europeans in China early this century.

Thomas Cook, which started tours to China in the 1870s, has places for 900 people on 18 holidays to China between the beginning of January and the middle of May. It is offering 12 nights in Peking and three in Tokyo for £575 and a longer holiday in Peking and Shanghai for £680.

Prisoner returns

Alan Whittle, aged 29, who with another prisoner, escaped from Reading jail on December 12, returned to the prison yesterday and asked to be let in.

Ban on Front material in schools refused

By Donald MacIntyre

Mrs Williams, Secretary of State for Education and Science, has dismissed senior union leaders by rejecting their request for an early ban on National Front material from schools.

The TUC had urged Mrs Williams to advise education authorities to stop inviting speakers from the party and the distribution of National Front literature in schools.

It is now to tell her that it is extremely disappointed with her reply, which says that a decision should in any case await a report from a working party set up by the Commission on Racial Equality.

Mrs Williams's letter to the TUC adds: "It would be wrong to underestimate the extent of National Front activity in the schools, but the last thing we want to do is to overestimate it and thus place the National Front precisely the kind of fillip it would like."

She says that it is "not easy to try to outlaw any given set of ideas, however repugnant, without endangering legal freedom of expression." Nor is it clear, the letter maintains, how the law could be amended or used to that end.

Left-wingers on the TUC sub-committee that considered Mrs Williams's response, argued that it constituted sharply with the stand taken in the controversial Labour Party broadcast on the National Front.

As a consequence the TUC General Council has decided to write again to Mrs Williams, reiterating the need for immediate action to prevent school children from racist propaganda and agitation.

More young people are visiting Britain

By a Staff Reporter

Almost one visitor in three to Britain is aged 24 or under, according to the latest research newsletter of the British Tourist Authority. In 1975 they numbered 2,555,000 out of a total of 8,844,000.

Recent years have seen many more visitors under 16. The numbers rose by 9 per cent in both 1974 and 1975; that group now makes up 9 per cent of the total.

More than a third of the young visitors in 1975 came from France and Germany, and 12 per cent from the United States. The other main countries of origin were Belgium, Luxembourg, the Netherlands and Canada.

In 1972 the United States was the largest single source of young visitors, providing 22 per cent, but there was a steady decline until 1975. The tourist authority, however, thinks that it probably rose again in 1976 and 1977.

Potato ban to stay in defiance of EEC

By Hugh Clayton

The Government issued a challenge yesterday to the guardians of EEC farm policy. It came in a laconic statement from the Ministry of Agriculture, Fisheries and Food: "The ban on imports of maincrop potatoes will continue until further notice."

Its purpose was to tell the rest of the EEC that the Government will not dismantle British potato marketing schemes if the Community can offer only anarchy in their place.

The potato ban is used to protect British growers from sudden cur-price competition. It is one of the measures used to stabilize supplies through the operations of the Potato Marketing Board.

The ban obstructs free trade in the Community. Under the rules of accession to EEC membership Britain has until Saturday to remove such obstacles. Ministers justify their refusal to do so as the case of potatoes on the ground that the rules of the common agricultural policy do not yet apply to them.

Welsh farmers called yesterday for a rise of almost three quarters in the guaranteed price for potatoes next year. They said growers needed £80 a tonne, compared with less than £50 fixed by the Government this year.

The claim was made by the Farmers' Union of Wales, the only one of the four British farming unions that publishes increases sought in farm price reviews.

The union also said it wanted the present British system of payments to continue on potatoes. They, too, are not yet covered by the common agricultural policy.

The union called for 54p a gallon for milk from the start of 1978. Mr Myrddin Evans, president of the union, said: "In Brussels British farm prices are being 'bartered' for political purposes. We face subsidized competition from Danish bacon producers with butter from the Netherlands, and our Government is paying the Irish to destroy confidence in the beef industry."

EEC farm policy, page 14

Politician of far right killed on Rome street

From Our Own Correspondent

Rome, Dec 28

The latest victim of renewed political violence in Italy is Angelo Pistolesi, a member of the extreme right, who was killed here today with a pistol shot in the back as he left home for work.

His assassination follows the wounding during the Christmas weekend of two young people of the extreme left. However, it is by no means certain that today's death is the inevitable result of a swing of the pendulum of violence from left to right.

Signor Pistolesi's life was somewhat complicated. He is well known here for having accompanied the extreme right-wing deputy, Signor Sandro Saccucci, to the hill town of Sezze Romano during the 1976 general election and to have driven him out of the town in a car after a Communist youth had been killed. Signor Saccucci then fled to London.

Signor Pistolesi was charged with complicity in homicide but remained, under arrest only briefly. A decision had yet to be taken on whether he should stand trial. He had also had other clashes with the law.

Police believe that his killer was concealed behind a telephone booth outside the block of flats in which Signor Pistolesi lived. He was about to step into his orange Volkswagen to drive to the offices of the electricity board where he worked when the three shots were fired.

Signor Pistolesi was a candidate in the far right wing lists in the 1976 local government elections.

The governing Christian Democrats today continued their efforts to find some way of avoiding either the collapse of their minority administration or a recourse to another general election. Talk of an election in present circumstances was described today by Signor Ugo La Malfa, the Republican leader, as "the ultimate folly."

In two interviews he called for emergency government, including the Communists to meet a situation which he feels threatens disaster. "The more I think of this situation," he said, "the more I think there is no other road. It is a country increasingly cut off from Europe. It increasingly resembles a South American country."

Signor Giorgio Napolitano, the leading Communist spokesman on the economy, said today that only with the Communists in Government could there be the necessary decisive change. He pointed out that to save the country, the Government would have to be able to do what would be painful not only for the privileged classes.

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General Antonio de Spínola, who led the April, 1974, overthrow of the Caetano regime and was first President of the new republic until September, 1974, when he was accused of involvement in a right-wing coup attempt, rides with his grandchildren on his estate at Cascais.

Dr Soares will try to form new government

From Jose Sherriff

Lisbon, Dec 28

Dr Soares, the Portuguese Socialist Leader, has accepted the invitation of President Eanes to try to form a second constitutional government.

The first constitutional Government, which came into power in July last year and was also headed by Dr Soares, was overthrown by the parliamentarian opposition parties earlier this month after the Prime Minister lost a vote of confidence.

Dr Soares said today that he would attempt to form a government after negotiations with the other parties.

Discussions failed to establish a platform of agreement earlier this month, but in the past few days President Eanes has had intensive talks with the party leaders, and it would appear that some softening of party attitudes has taken place in the national elections.

The Social and Christian Democrats have insisted on a tripartite government excluding the Communists. Dr Cunha, the Communist leader, has previously said that his party does not insist upon participation in government.

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Neo-Nazis boast of attacks in Spain

From Harry Debellus

Madrid, Dec 28

Right-wing extremists have claimed responsibility for destroying a Basque priest's car and the Bilbao offices of the Spanish Communist Party over the Christmas weekend, reports said here today.

The Bilbao newspaper *El Correo Español* and *El Pueblo Vasco* said that a spokesman for the Bilbao Commando, a Basque nationalist group, telephoned its editorial offices yesterday to claim responsibility for both attacks.

In Barcelona, about 400 right-wingers gathered yesterday to attend a Requiem Mass for victims of terrorism. They later assembled on the church's steps, raised their arms in a fascist salute and sang the Falange hymn: *Marcha del Sun*.

On Tenerife Island, in the Canaries, bombs damaged a bank and a supermarket yesterday. The separatist Movement for the Self-determination and Independence of the Canary Islands, led from Algeria by Señor Antonio Cubillo, a Spanish exile, is suspected.

In Trun the Basque separatist movement, ETA, claimed responsibility for a bomb which recently wrecked the water works. They argued that the price of water was too high.

In Galdakano, also in the Basque region, three armed men believed to be members of ETA hijacked a lorry carrying nearly a ton of plastic explosives today, after overpowering the driver.

A general court martial sentenced Captain José Ignacio Domínguez, an Air Force officer to seven years' jail and disarmed from the armed forces for his part in the unauthorized Democratic Military Union.

Captain Domínguez will not have to serve his term because of a recent amnesty.

In Coruna, Señor Manuel Rivas Barros, a reporter, has been charged with sedition and with insulting the armed forces in a report on a group known as the United Soldiers' Organization.

Bonn buys 80 from prison

From Our Correspondent

Berlin, Dec 28

About 80 West Germans and West Berliners were released from prison in East Germany in time to spend Christmas with their families. A substantial payment by the West German government enabled them to be freed before serving their full prison terms.

Those released were sentenced for trying to help East Germans to escape to the West and for currency and traffic

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Good times are in sight while we hover at the edge of the abyss

'For most countries, fears of inflation are no longer the real constraint on expansion'

By recent standards, next year should be quite a good one for the British economy, and no one ought to want to take away any of the pleasure from that fact. But the prospect of some improvement in our own position ought not to distract attention from the fact that the western world is now hovering perilously close to the edge of a new recession which would be not only worse than anything we saw during the two years immediately after the oil crisis of 1973, but could turn into a full-scale depression.

Not much can be done to prevent ending 1978 with higher unemployment in the western industrial nations, with more unemployment than we shall start it with. Nor can we realistically expect that the western industrialized world can get back until well into the 1980s towards the sort of employment levels we saw for most of the postwar period. Yet the most important point to understand about the gloomy forecasts for the world economy published this week by the Organization for Economic Co-operation and Development is that the worst thing we could do is to give up hope.

The chances that something will be done to start a genuine economic recovery throughout the world are not very good; but the evidence is there to suggest very forcibly that if the right actions are taken, governments can at least start to solve the problem. The policies which will be needed involve an acceptance that governments will have to run substantial deficits for some years to come, at least until the non-governmental sector starts to generate sufficient growth of its own so as no longer to need a stimulus. These policies will have to be buttressed by cautious monetary and other policies to hold down inflation and ought to be supplemented by action to deal with some of the special problems which have emerged in the past few years.

The chances that this will be done here had been because the countries and the governments whose involvement is vital if this programme is to work are those countries which are least willing to pursue such policies. The United States is already committed to growth, but unless West Germany and Japan alter course—and there are others such as Switzerland and The Netherlands who ought to do so—well—the rest of the world will not be able to pursue such policies.

Britain will have a big payments surplus next year, but it will be very fragile. If the rest of the world does not expand,

then a British government, even if the benefits of North Sea oil, will find itself faced with more balance of payments problems.

Four solid years of recession have brought us to a stage where for most countries fears of domestic inflation are no longer the real constraint on expanding their economies. Instead, they are now held back by worries about their balance of payments. In spite of next year's surplus on the balance of payments, this will be true of Britain by the end of this decade if the rest of the world grows as slowly as present policies would imply. It is already true of countries such as France and the great majority of smaller countries who are actually tightening their belts at the moment. If these countries are to expand, they will have to have an assurance that the surplus nations will be growing fast enough not to impose insupportable payments problems.

This is the true origin and meaning of the "locomotive theory", which ascribes a central role to the United States, Japan and West Germany in leading the world out of trouble. In its over-simplified form this theory has manifestly failed and could never have hoped to succeed. Germany and Japan have grown to their present position by exporting and the commonly held view that they could solve all the rest of the world's problems by importing more is clearly in error. Even if the locomotive in attitude which this would require could be achieved, for these countries to bear all the weight of getting the world out of recession would need them to grow so fast that they would really face problems of inflation at home.

What needs to be done by the strong countries is not to carry the whole burden, but to ensure that by their actions they do not make it difficult for other countries to do their bit. The evidence at the moment suggests they are not doing that. On present policies, the growth rate in Germany will be down to 3 per cent by

the second half of next year if the OECD forecasts are right. This compares with a 4 per cent growth which is needed if a consistent pattern of expansion which will hold unemployment steady is to be achieved. The implications for Europe are genuinely frightening. By the second half of next year, growth in Europe is expected to be below 3 per cent; just to stop unemployment rising growth has to be around 4 per cent and it has to be even higher if the number of jobs is to fall.

That prospect ought to be bad enough to stimulate government to action; but the real position is much worse. For business confidence is already so fragile that a slowdown next year could easily get out of hand. Rising unemployment and slow growth would kill any hopes of new investment, which in turn would reduce output still further, leading down a vicious spiral of the sort which was seen in the 1930s.

Why then are some governments, particularly West Germany, so unwilling to act? One objection which they and some outside commentators have made repeatedly is being heard much less than it used to be. This is that OECD as an organization is guilty of "recession-mongering", which involves producing deliberately pessimistic forecasts to provoke governments to expand their economies more than they should. In the past three years the OECD's mistakes have been in the opposite direction: they have underestimated the recessionary forces in the western economies. Few people now would argue against the forecasts of gloom with any real sense of conviction.

Yet in spite of this, most governments have been pursuing policies which had the effect of contracting economic activity this year: there will be a slight push early in 1978 but it will not be on such a small scale that it will run out before the year ends. The dispute now is no longer over forecasts; it is over whether the traditional measures to stimulate output

can in fact work, with their opponents claiming that they no longer can.

The evidence of the past few years points all the other way. In 1975 governments everywhere tried to expand their economies and they duly expanded; in 1976 and 1977 they cut back on spending without equivalent tax cuts, and the mixture performed its usual role of slowing down the economies.

This fact, that the economies of the West have moved in exactly the direction which one would expect them to move by looking at the policies they have followed ought to give pause to those who feel that the present situation is some totally new experience. In fact, the evidence has been ignored by many governments who say instead that there is a "structural problem", a "structural problem".

That structural problems, in the plural, do exist is clearly true. The western countries have been much too slow to come to terms with the emergence of newly industrialized nations in the developing world, and have thus failed to change their industrial structure in the plural, do exist is clearly true.

But those who say that we face a "structural problem" are saying something different (or they ought to be) using the phrase to say they do not know what is the matter. The only sense in which it is reasonable to talk about a structural problem at present would be to argue that a number of factors have come together to reduce the possible rate of growth. That may or may not be true; but it clearly cannot explain the present problems which the West faces. For if it were merely a problem of a slower rate of growth being possible, that would not affect the extent to which resources are employed.

Unemployment is rising in the West and factories are being run at half capacity because the rate at which economies are actually expanding is slower than the rate at which they could expand if given their head. There are many lessons which we were right to learn from the experience of the early 1970s, including the absolute need not to allow the amount of money in the economy to race ahead of the sustainable rate of growth. The danger of the present situation is that we are heading towards a position where our economies as a whole could drift out of control in the opposite direction.

David Blake



The F-15 and General Kyle: both are designed to achieve air superiority.

These formidable fighters of Nato's front line

There are two highly formidable United States fighting machines at Bitburg Air Force Base, West Germany. They are the F-15 Eagle fighter and Brigadier General Frederick C. Kyle, USAF, commander of the 36th Tactical Fighter Wing. Both were on show to visiting British journalists recently and it was difficult to choose the more impressive.

The F-15 is designed to achieve air superiority. That is its purpose: to shoot down other planes in air-to-air combat and by all accounts there is no doubt that in battle it could do so. Eagles of the 36th have flown against a number of different types of American fighters in mock combat. "Like shooting fish in a barrel," is how General Kyle sums up the result.

The F-15 is fast, with a maximum speed of Mach 2.5 (over two-and-a-half times the speed of sound). It is highly manoeuvrable and has a fast rate of climb. A single-seat aircraft, it is armed with short and medium-range air-to-air missiles and a 20mm cannon. It has an advanced radar and fire control system, and it is designed to be highly manoeuvrable, that mark it out from its rivals. "The finest aircraft in the world," says the general, who is confident that the F-15 can cope with anything the Warsaw Pact can put up.

General Kyle is also

designed to achieve air superiority. He, too, gives the impression of being versatile, highly manoeuvrable and fast. There has been a steady stream of visitors to Bitburg since the 79 F-15s that make up the "Fighting 36th" arrived there last summer. The general may find himself entertaining a French general one day and an American ambassador the next. Outnumbered 12 to one by British journalists, he comes through the engagements without a hair out of place.

Some of the fighters are on alert at all times, ready to scramble to identify unexpected air traffic. These usually turn out to be airliners that have not filed proper flight plans, private aircraft, even on occasion gliders. From the first blurring of the horizon, the moment when the sleek fighters are climbing almost vertically away from the runway is only a matter of a few minutes.

General Kyle laid out a scramble of the rapidly pilots while we were talking to them. Checking his watch he slid down the brass "fireman's" pole after his pilots, calling an invitation to his younger but less agile visitors to follow him. (The representative of *The Times*, of course, felt duty bound to follow him but I think the rest of my colleagues present descended from the tower's ladders by the way of the stairs.)

Whether there is an actual alert or not the general usually

scrambles his standby men every day, on occasion sneaking down to the alert area at 5.30 am to check their reaction times.

The admiration at Bitburg for the F-15 is not confined to General Kyle. He pervades the whole of the 36th. From a squadron commander to the most junior pilot the same confidence is expressed. The general, who first joined the air force in 1945 and is a veteran of Korea and Vietnam, has flown every first-rate United States fighter in the past 25 years and says firmly that he has never before been so happy with a new aircraft. Certainly I could imagine him saying something similar about each of those other planes as they came into service, but that does not deny the experience on which his present judgment is based.

However, there is another factor besides equipment that constantly comes up in conversations with the airmen at Bitburg about their ability to cope with the potential enemy. They regard their training and tactics as way ahead of the opposition.

One squadron commander said his pilots are "better trained by a factor of ten" than those of the Warsaw Pact. The Russians are judged to have a more stereotyped training, to be more heavily dependent on ground radar and thus to be less versatile than the American pilots. They feel that

the Soviet force has lower morale among the people on the ground maintaining their aircraft and that this together with what is seen as a highly complex Soviet logistical system could help to compensate in battle for the West's undisputed superiority in numbers.

This may be too complacent; it is difficult to judge. The views of the pilots are based on intelligence reports, including information given by defecting Soviet airmen.

General Kyle is undoubtedly a hawk. He may disappoint dovish visitors to his command. But there are doves, and I am one, who would feel less secure if I did not have General Kyle's job.

One answer he gave sums this up. He was asked whether the latest West German security scandal might have compromised the battle plans of his wing. The general explained simply that there is no secret about their intentions if a war starts. "We're gonna load up our aircraft and shoot the hell out of the enemy as soon as he's airborne. There sure ain't any secrets about that."

Ivan Barnes
Foreign News Editor

Geraldine Norman concludes her examination of the challenge faced by people in industrialized societies

How ownership involves the community in the work that keeps it alive

The group of industrial cooperatives centred on the small town of Mondragon, in the Spanish Basque country, are worker owned. The community has developed a series of balanced structures which have not merely made worker ownership economically viable but also helped achieve a growth rate seldom achieved by industrial concerns.

In my article yesterday I suggested that these structures could be imitated elsewhere. They might provide a basis for turning the idea of worker ownership from an abstract pipe dream into an industrially significant reality. A report entitled *Worker Owners: The Mondragon Achievement* was published by the Anglo-German Foundation for the Study of Industrial Society last month. The report (to which I contributed) spells out in more detail than I can do here the interests of the Mondragon experiment.

The first industrial cooperative in Mondragon was founded in 1956 by five brave men, graduates of the community supported polytechnic founded 15 years before by a Spanish priest, the philosopher and inspiration of the Mondragon experiment. There are now some 170 cooperatives, employing roughly 13,000 people; the group turnover last year was approximately £200m. The group comprises 60 odd industrial cooperatives concentrating mainly on high technology

manufacturing; they include Spain's leading manufacturer of refrigerators, cookers and washing machines—sufficiently successful to attract contracts to establish similar plants in both Tunisia and Russia—and Spain's leading manufacturer of machine tools.

The industrial cooperatives are grouped round their own cooperative savings bank. There are primary and secondary schools as well as a graduate level college of technology grouped under the same umbrella; also agricultural, fishery and consumer cooperatives, one hospital, two leisure clubs, housing co-operatives and one social security cooperative dealing with the pension, medication, industrial insurance and other social security problems of the entire group. The self-employed, who included all the worker owners of these cooperative enterprises, are not eligible for state social security under Spanish law.

Particularly notable is the fact that this associated grouping of enterprises has been built up over a 20-year period without one bad debt being incurred to the group bank or a single redundancy. There have been failures, but the work force has been redeployed or sent home on full pay until an alternative and more marketable line of production could be set up and launched. All the debts incurred in such a complete shift of manufac-

turing unit have been duly repaid to the bank.

Many factors have contributed to the success of the Mondragon experiment, but it cannot escape the belief that the highly intelligent structuring of ownership and power is among the most fundamental. Every member of a new cooperative is required to put up between £1,000 and £2,000 towards the working capital of the new enterprise. In total this usually represents some 20 per cent of the enterprise's capitalization; roughly another 20 per cent is contributed by the state and the remainder is financed by the Caja Laboral, the group savings bank.

The member's capital stake in the enterprise, whether he be production line worker or managing director, cannot be withdrawn unless he leaves or retires from the firm. Every year 70 per cent of the group's profits are divided equally between the capital accounts of all members; again these monies cannot be withdrawn unless you leave the firm. The remaining 30 per cent is divided equally between non-allocated reserves and social welfare expenditure.

The members of the co-operative democratically elect a control board on the basis of one job one vote. This control board is roughly equivalent to a board of directors in a British company and in its turn appoints the managers and executives of the enterprise.

Many factors have contributed to the success of the Mondragon cooperatives, but most fundamental is the intelligent power structure

Wage levels are set by comparison with similar manufacturing firms in the region, the level being generally set marginally above that of similar capitalist run firms. The executives, however, stand at a disadvantage to their counterparts in neighbouring industries.

It is a basic premise of the group that wage and salary levels shall not vary by more than the ratio of three to one. In other words, the managing director shall not earn more than three times as much as his lowest paid worker.

The producing line workers are in general in a better financial position than their counterparts in Britain. They receive marginally better than average wages. When they reach retirement age they receive a pension equivalent to 100 per cent of

their finishing salary and at the same time can withdraw their capital stake in the enterprise which in some cases already amounts to as much as £15,000. The executives find themselves in exactly the same position as the workers and therefore, pre-tax at least, rather less well provided for than their opposite numbers in Britain.

Trades unions as we know them were illegal in Spain and it is difficult to tell what impact they will have on the system when they are legalized. The fact that the productivity of each worker-owner directly affects his own capital stake in the enterprise has presumably contributed to an enterprise system where workers actually work.

With this little problem out of the way, the success and failure of cooperatives depends almost

entirely on management skill. Here the democratic structure of the cooperatives gains an added importance: the elected control board has the power to fire the management if they are not running the enterprise profitably—and in several instances they have done so.

The fact that financial success or failure depends fundamentally and almost exclusively on management is a basic assumption of all those within the group. At the same time the 3 to 1 ruling on earnings makes it difficult to attract suitable management talent. The present group had the interesting result that most of the management echelons are manned by highly intelligent young men, committed to the system because it is interesting. Many are in their early 30s; the average age of management is well below that of the work force as a whole.

The calibre of these young managers is impressively high. But with so many separate enterprises to run one cannot hope for all to be equally up to the job. The key to success at this level lies with the bank's management services division, roughly mened by the division plays a crucial role in the establishment of new cooperatives. Once a group of potential cooperatives has approached the bank, two or three of the potential enterprises are selected for a management division, usually for a two

year period to plan the project in detail, looking at alternative production methods, potential markets and everything down to the plant, financing and personnel required. In other words the project is launched with maximum forethought and the best chances for success.

Already established cooperatives are required to submit regular audited accounts and detailed long term plans (usually five years) to the management division. The plans are integrated into an overall group plan enabling the group to forecast skilled manpower requirements which can be fed back into the polytechnic, requiring a more for-land use (the bank tends to buy in advance of group needs) and so on. Furthermore the bank's management division keeps a careful check on differences between plan and output for individual cooperatives and aims to identify commercial problems before they become serious.

Advice rather than instruction is fed back to the co-operative; if the managers, jealous of their independence, ignore this advice, the management division can have recourse to a crisis measure: the presentation of their views on the management's error to the elected control board. As long as the control board is properly representative of the group of workers, its interests are wholly identified with the management division, usually for a two

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Who? Why? Where? That was the year, that was -and this is the moment of truth for readers

Today sees the undoing of those readers of this diary who merely dip into it instead of adopting the sensible attitude of digesting each and every word of it.

To avoid a repetition of such an humiliating experience in December, 1978, I would suggest you make it one of your New Year resolutions that, during the next 12 months, you will give your full and undivided attention to the wit and wisdom that gives this centre page its gem-encrusted trimming.

Every one of the questions that follow is based on an item that has appeared in the diary during 1977. The answers appear on Page 10, column 3. Anyone who looks them up before completing the quiz, deserves the ostracism which will surely come his way.

If you score more than 30, you will be a prince (or princess) among men (or women). Below 30, you are not entirely beyond redemption. Below 20, you will have made a serious dent in your Christmas week morale.

1. Who stirred up a hornet's nest with his book *The Politics of Power*?

2. Who was hoaxed over a manna-making machine?

3. Whose smile was the subject of a photographic competition in far-away Michigan?

4. What was it that a masked and cloaked lady was helping to advertise?

5. What famous film star has difficulty with her Ra?

6. Which earl spent a morning photographing a lovely blonde in a London hotel bedroom?

7. Emily Williams, having done Dickens and Dylan Thomas, tackled another literary figure. Which one?

8. Which playwright's impersonation of a tawny owl is now in the BBC's natural history archives?

9. Who was the 16-year-old whose speech set the Tory conference in Blackpool alight? Was it: Thomas Vanyer, William Hague or Harold Stims?

10. Which two American writers came to blows at a Washington dinner party?

11. Who was the columnist who, as a student at the LSE, won a

seat on the students' council for a man who never was?

12. Who is painting his autobiography in giant murals in a studio under London's Hungerford Bridge?

13. Which feature-writer has become part-time speech writer and researcher for the Prince of Wales?

14. Who was the American actor who was unable to see a London musical based on his life flop so spectacularly?

15. Who was Marie-Louise Rasselgren, over whom I poured much praise?

16. Which well-known economist had his book turned into a 12-part BBC television series? Who wrote: Does Prince Philip Kiss You Goodnight?

18. Who was "the greatest bad poet of his age" whose works have been translated into Thai?

19. What politician named Enoch Powell the Mad Max?

20. What venerable theatrical mole was honoured by the Variety Club of Great Britain?

21. He is the new head of the Home Civil Service and is no

Gallagher's recovery seems to be really underway; we've been gaximiped...



mean table-tennis player? Who is he?

22. Two characters, created by my predecessor Michael Leppman, went into retirement dur-

ing the year? Who were they?

23. In a competition, devised in connexion with the final *Wodehouse* book *Sunset at Blandings*, where on the map did we place Marker Blandings?

24. What is the connection between a razor blade and the Great Pyramid at Giza?

25. Why was it all "Go" at Monte Carlo?

26. In which European country were the world Black-Pudding championships held?

27. The Public Record Office opened a new £10m office this year. Where is it?

28. Wearing which hat did Sir Douglas Black launch an attack on smoking?

29. Which eminent hypnotist staged a demonstration in London to put people off the weed?

30. Why did 200 businessmen pay £60 a head to sit at the feet of Heroin Kahn in London?

31. Ray Purnell, an Australian teacher, throws things at London dancers. What are his missiles?

32. Why was 1977 an important year for Anglo-Saxon nationalists?

33. Why was it absolutely impossible to touch the exhibits at a Royal Academy exhibition?

34. Who called the day that

Britain will no longer need the IMF's \$3,000m standby credit "Sod Off Day"?

35. In the family of this leading politician, there is a strict tradition that no one votes Tory without a stiff drink before and after. Who is he?

36. Who, or what, is PHS?

Naval signal

HM Naval Base at Portsmouth and a warning to time in retransmitting it. It comes from the Royal Naval Museum at the base, and bears the just-about-legible signature (*vide* my recent campaign in this column) of the museum's director, Captain A. J. Pack (ret'd).

Captain Pack says the museum intends to extend its display in the next two years to give an account of the social history of the Navy. "We are going to concentrate on the Victorian period. We believe many of the personal artefacts of this important era are still in private hands."

I pass on his plea that anyone with any relics of naval ancestors—and I take it that he does not mean bits of bow—should write to him and let him know.

After love a duck, share a duck

One Christmas present was in overwhelming demand this year. The Slimbridge Wildfowl Trust's fund-raising adopt-a-duck scheme, which has been a modest source of revenue for 20 years, has suddenly been obliged to become a share-a-duck scheme by public request.

Usually, the Trust reckons to "sell" 1,500 of the 6,000 ducks they raise each year, at £1.50 each. The adoptive parents are then kept informed of their bird's movements, but stand only a one in five chance of ever hearing of the duck again. When there is news, it is usually bad, as most reports arise when the duck is shot and its ring recovered.

This year, an unprecedented pre-Christmas rush has brought an extra 8,000 requests to adopt ducks, and there are not enough recent ringings on the Trust's books to go round.

Would-be parents are being asked to share, or join a waiting list.

Alternatively they can opt for one of the Trust's more expensive schemes, taking a barnacle goose under their wing for £4.50, or buying a personalized Bewick's swan in the wild at £7.50.

From R. J. Minney, the aviculturist, film producer and playwright, who is now in his early 80s, I have received this memoir of Charles Chaplin, of whom Mr Minney was a life-long friend:

"As a newcomer to Hollywood in the Thirties, to make my own film *Clive of India*, Chaplin immediately took me under his wing and made me a member of his inner circle which included Mary Pickford, Ronald Colman, C. Aubrey Smith and an endless number of other famous stars. His parties were quite exceptional. Often, after entertaining us all with his wonderful mimicry, which was even funnier than his public performances, he would disappear and I would find that he had gone to bed while the party continued into the early hours of the morning."

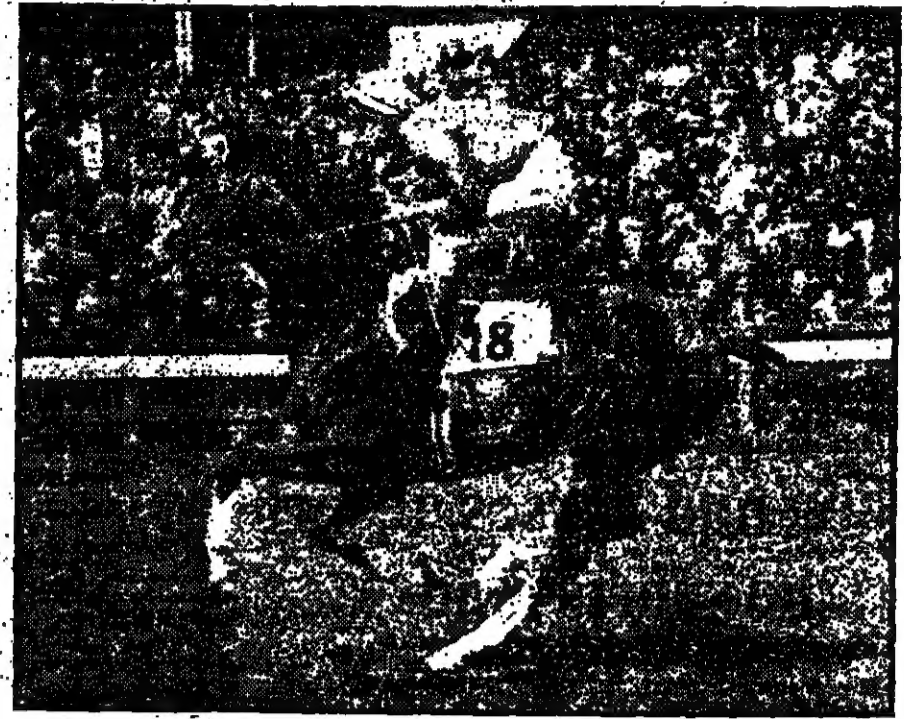
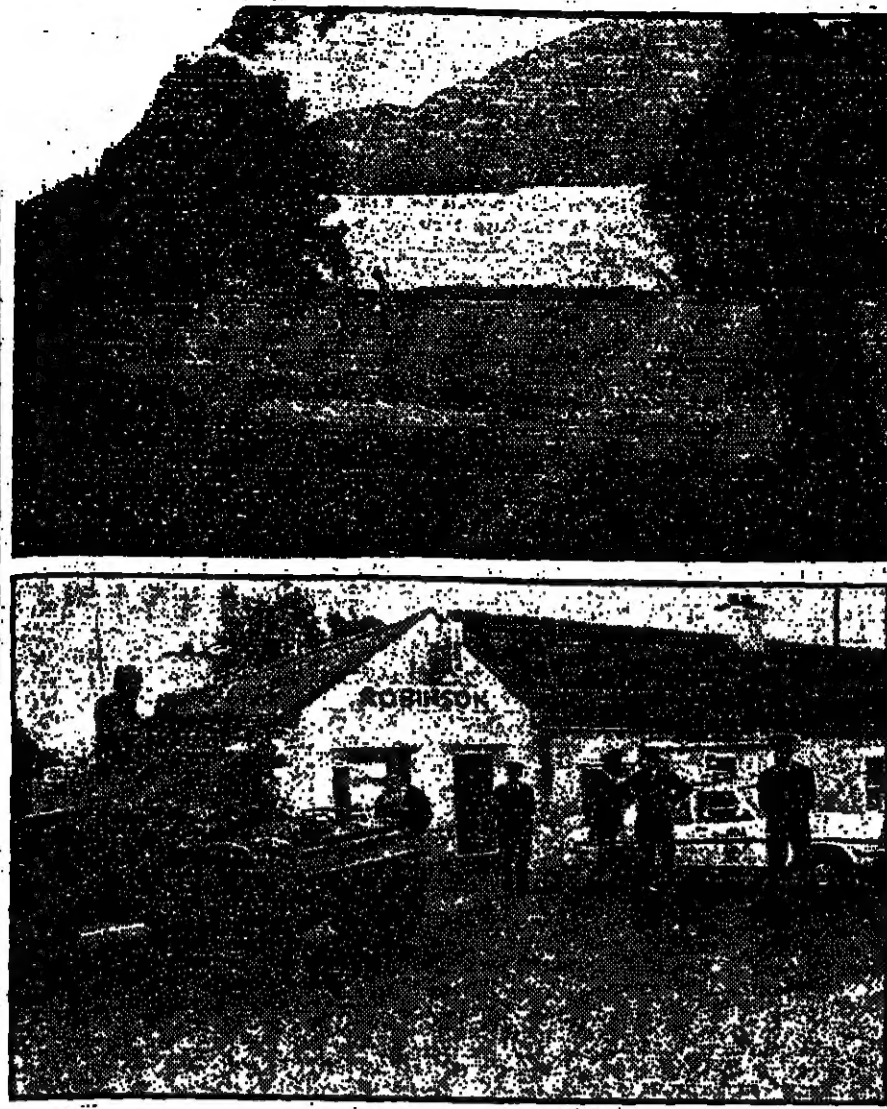
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هكذا من الاصل

REPUBLIC OF IRELAND

a Special Report



Jockeying for position: Lester Piggott and The Minstrel, from Tipperary, who won the 1977 Epsom Derby. Left: golf at Killarney, and joint police and army roadblock after an IRA raid. Right: the Liffey and Butt Bridge, Dublin, and a pastoral scene in Phoenix Park less than a mile from the city centre.

Quick change act

by Christopher Walker

Over the past 12 months the Irish Republic has undergone a remarkable economic and political transformation which has upset the forecasts of many local commentators but done little to alter the country's enviably relaxed pace of life.

Inevitably there are many Irish politicians who see a direct link between the resurgence of economic confidence and the change of government in June, but there are also statistics to support the argument that an end to the recession was in sight before Fianna Fail, traditionally the most republican of the big parties, won its landslide election victory.

As well as returning Mr Jack Lynch to the premier-

ship which he lost in 1973, the election also provided the party with the biggest single parliamentary majority in the history of the state. When the Dail began its new session, the full extent of Fianna Fail's victory was graphically illustrated when many of the deputies making up the majority of 20 were forced to huddle on the steps of the chamber because of the lack of space on the packed Government benches.

To add to the heady atmosphere of political change which marked the summer months in Dublin, Mr Liam Cosgrave, the former Prime Minister, took personal responsibility for the humiliating defeat of his national coalition and resigned the leadership of the Fine Gael party.

Although there was a flurry of speculation about his own preference for a successor, there was little doubt that the vote would go to the affable and energetic Dr FitzGerald, former Minister for Foreign Affairs. Since taking control he has been working hard to modernize the party's antiquated structure and refashion its policies in his own liberal image.

After a lacklustre campaign dominated by squabbles over the validity of various economic indicators, it is fitting that since its victory, the Government has concentrated almost exclusively on the economy.

One senior civil servant estimated that more than 70 per cent of Cabinet time has been given over to discussing economic matters, and even pundits not normally favourable to Fianna Fail have given the party credit for facing up realistically to the country's grave structural economic difficulties.

The central plank of the strategy has been the establishment of a new Ministry of Economic Development and Planning under the control of Dr Martin O'Donn-

oghue, a former economics professor and complete newcomer to parliamentary politics who was the architect of the Government's election manifesto.

Some Dublin sceptics familiar with recent British political history have forecast that the new department will soon suffer the same fate as the now defunct Department of Economic Affairs, squeezed out by opposition from the Ministry of Finance which is headed by Mr George Collier, the deputy Prime Minister.

But they are outnumbered by observers who have noted the civil service talent already directed into the new department, and who are aware of the close relationship between Dr O'Donnoghue and Mr Lynch, who is believed in some quarters to favour him as the next party leader.

Traditionally regarded as the party of the business community, Fianna Fail was witness to its return to power marked by a mood of economic confidence undetectable 18 months ago. After two years at the bottom of the EEC performance league, the republic is now regarded by senior ministers as heading the Community's recovery table, with a growth in GDP of 7 per cent predicted for 1978.

One of the Government's main tests will come with its efforts to separate the Irish rate of inflation from that in Britain, and live up to its repeated public commitment to halve the present 14 per cent by the end of next year.

With a population explosion hardly assisted by its controversial laws against the sale of all contraceptives, the republic's central economic problem is the creation of new jobs. According to reliable forecasts, some 30,000 a year will be needed to keep pace with the increase in population (expected to rise from its 1971 total of three million to about 3,800,000 by 1982).

The picture is made gloomier by the fact that about two fifths of the present 12 per cent unemployment total are under the age of 25, precisely the disillusioned section of voters known to have played an important part in the defeat of the coalition.

The key to Fianna Fail's economic strategy, soon to be spelled out in a January budget and an economic plan, is the attempt to secure a national wages agreement of 5 per cent. Capitalized negotiations between employers and unions have begun and the Government has repeatedly made clear that it regards many of the financial concessions introduced after the election as a part of the expected package. Dubbed by coalition ministers as "the glittering promises" when they first appeared in manifesto form, the concessions have so far been put into effect with an enthusiasm rarely found in a newly elected government with a five-year term ahead of it.

Among measures for which legislation has already, or is soon to be, introduced are the abolition of all domestic rates, the abolition of tax on most private cars, the scrapping of ground rents and a substantial reduction in the social welfare contributions of the less well off. In Dublin political circles the argument about the true cost of these measures still rages unabated, with the Government's critics insisting that they will result in a crippling increase in state borrowing.

Against this background of frenetic economic activity other aspects of the Government's policy have necessarily taken a back seat. Anglo-Irish relations, originally considered at risk in face of Fianna Fail's republican tradition, have survived better than expected. After the London summit in September, when Mr Lynch stated from the well-known made no mention of his party's vague demand for a British declaration of intent to pull out from Ulster, new machinery to promote cross-border economic cooperation was created. One of the committees will also discuss areas of mutual interest between Dublin and London, and an early benefit could be the establishment of a duty-free zone between the two countries.

Commenting after the meeting between the two prime ministers—both politicians renowned for their shrewdness—one Irish official told me: "Put simply, there was agreement on the short-term approach to Northern Ireland and disagreement on the long-term objective."

For the moment, that is how matters are likely to rest, with Mr Lynch in a position of considerable political strength which has enabled him to rebuff any demands for a tough Dublin stance from the well-known republican hawks inside his Cabinet.

At the same time, the recent recapture of Seamus Twomey, the chief of staff of the Provisional IRA, who he drove in the Irish capital has reassured many doubters who feared that the new administration might adopt a soft line towards republican extremists.

In recent weeks it has not been the arrest of the bearded IRA leader which has dominated the Irish headlines. Attention has been concentrated instead on the sudden closure of the Dutch-owned Ferenka steel cord factory in Limerick after a squalid and long-running inter-union dispute.

The closure and the resulting loss of 1,400 jobs has faced the administration with its first big setback. Its prospects will depend largely on Mr Lynch's ability to regain the vital confidence of foreign investors in the face of such an unhappy and well-publicized industrial catastrophe.

All quiet on communications

by Robert Fisk

A new and more advanced radio communication system was quietly introduced to police forces along both sides of the Irish border a few weeks ago. Neither the British nor the Irish governments announced this later addition to cross-border security cooperation because Whitehall and Dublin do not find it convenient just now to talk to publicly about the conversations that go on between the Royal Ulster Constabulary and the Irish police, the Garda Siochana.

The British Government might have found it useful, for example, to inform them that the Irish army now reacts to British reports of border violence more speedily than ever before. But since Mr Jack Lynch's Fianna Fail party came back to power in last summer's elections, such matters are being left, it seems, to expressions of private appreciation.

The British have been mildly surprised at the security activities of the new Irish government. Only this month faced with an alarming rise in armed robberies in the republic, Mr Lynch was openly suggesting changes in Irish law which would enable the courts to prosecute more suspected criminals. He appeared to be supporting an Irish police demand that alterations should be made to judges' rules over custody and trial procedures, a suggestion that Mr Lynch would surely have condemned had Mr Cosgrave's Fine Gael-Labour government still been in power.

Could this be the Prime Minister who was reputed to be "soft" on the IRA? Britain's Embassy staff in Dublin, like most of Ireland, had not expected Fianna Fail's success—for alone the extent of its landslide—and two weeks after the Taoiseach took office, British diplomats in Dublin could be found launching Irish journalists in a hurried attempt to find out more about that heir of the British, Mr Charles Haughey.

Was Mr Haughey, dismissed from the Irish Cabinet by Mr Lynch just before the Dublin arms trial in 1976 about to inject a new Republicanism into Fianna Fail? For from 1972, when Mr Haughey had turned of party leadership had been effectively quashed by Mr Lynch's personal popularity at the polls last summer.

And it soon became obvious that while British withdrawal from Northern Ireland still retained its place in Fianna Fail policy, the new Irish Government had enough domestic problems and promises to fulfil without concerning on partition.

When Mr Lynch travelled to London in September to meet Mr Callaghan, the official statement that followed their meeting said nothing about withdrawal. As a cynical editorial in the weekly Dublin magazine *Hibernia* put it, Mr Lynch had "shown no signs that he is ready, willing or able to face the consequences of that fundamental step."

If that is true—and the Lynch Government is still young—then it is probably well for the British, Irish civil servants have viewed with steady concern British inability to formulate any specific policy in Northern Ireland.

Mr Roy Mason, the Northern Ireland Secretary, may have outsmarted the Protestant strikers last May and has watched his security forces steadily reducing the amount of violence. But the apparent British habit of dressing-up its laissez-faire attitude towards Northern Ireland as some form of policy about interim devolution is regarded with almost wry amusement in Dublin, just as it was in the days of Merlyn Rees's proconsulship.

When Mr Airey Neave, the Tory shadow minister for Northern Ireland, announced that the new round of Stormont talks between Mr Mason and the local political parties was "waffle". The Irish Times in Dublin wholeheartedly agreed with him.

Continued Irish exasperation with British policy in Belfast, however, is not the only dark area of Anglo-Irish relations to smoulder on from the days of Mr Rees. The administration at Stormont is still unhappy about the Dublin Government's reference to the Irish constitution when asked to support the concept of extradition, and when Mr Van Spaendonck, a former Tory minister in Belfast, last month voiced the old complaints about IRA men seeking "safe havens" in the republic, the Irish not for the first time asked why the British had made no recent extradition applications.

How could the British complain, they asked, when the Irish courts were at that very moment in the process of trying a man for the killing of a plain-clothes British army agent whose body has never been found?

British resentment has continued over Ireland's determination to publicise the results of the Strasbourg hearings into army brutality in Belfast. While the British have complained that the Strasbourg hearings have been of propaganda value to the IRA, the Irish have asked why the British allowed their soldiers to mistreat suspects if they were no longer concerned with the propaganda which the IRA might make of their behaviour.

British anger has been fuelled recently by a not altogether healthy satisfaction at recent claims of brutality made against the Irish police. After Amnesty International's suggestion that these claims were not without foundation, the British publicized the suggestion they were giving to Amnesty in its inquiry into alleged torture by the Northern Ireland police.

Within the context of the European Community, there have been a few cross-border trade discussions. A survey of economic resources has been carried out with EEC partners in Donegal and Londonderry, and the British and Irish Governments are still talking about more general areas of border co-operation between Newry and Dundalk at the eastern end of the Irish frontier.

But Dublin's inability to have even the remotest control over events in Belfast is still the most serious problem in its relations with Whitehall. Mr Lynch had no sooner elicited a British assurance that Whitehall was not really contemplating any wholesale integration of Northern Ireland and Britain than Mr Lynch's Government began to worry about the "Ulsterisation" of the north.

Last month, Radio Telefais Eireann, Irish State Television, broadcast a revealing hour-long documentary about the locally recruited and British-controlled part-time Ulster Defence Regiment. In the film, made with British Army cooperation, but not shown in Britain, the inter-UDR major told the distrustful half the Catholic population in his company area.

The Irish Government believes that the UDR is a sectarian force. Ninety-eight per cent of its members are Protestant and at least 60 of its soldiers, according to the RTE film, have been convicted of serious crimes.



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Company

Address

by William Ambrose

If 1977 seems certain to go down as one of the most memorable years for the Irish economy it has been no less dramatic for the Industrial Development Authority. At the beginning of the year even the most optimistic forecasters set sights no higher than a 3.6 per cent volume growth in gross national product; and the outstanding export achievement of 1976, when sales abroad of Irish goods grew in real terms by 18 per cent, seemed unlikely to be repeated.

In the event those predictions have proved faint-hearted; 1977 will show an expansion of 5 to 6 per cent and manufactured exports have been booming as never

before—the volume increase for the year is likely to be more than 20 per cent.

Feeding off the boom at home and the renewed international investment confidence, the IDA is set fair to record its most successful year. Last January the authority failed to its most ambitious—to approve projects during 1977 which, when they reached full production, would provide 23,000 jobs.

Not a lot by British standards, perhaps, but it must be set in perspective. The total Irish manufacturing workforce is about 200,000; last year the IDA's achievement was 18,000 job approvals. Even in the investment bull market of 1973-74 the job approvals barely moved over the 23,000 mark. But, by the end of the year looms, rumblings

from IDA headquarters suggest that the target will be reached with something to spare.

Just how much of that total has been provided by new overseas industries remains to be seen, but it is clear that foreign industrial investment is back at the "pre-recession level. Not surprisingly the recovery has been led by new projects from the United States, which in recent years has been providing most of Ireland's investment from abroad.

This year more than 20 major new American projects have announced plans to set up in Ireland. They represent a planned investment in fixed assets of more than £150m. Adia in Alcan from Canada, which has just announced that, with United States and Dutch partners, it will go ahead with its £280m

alumina plant near Limerick, and new North American investment is not far short of £450m.

But if the IDA's mood is now less than euphoric there are two good reasons. The authority's raison d'être is to create jobs by planning and promoting industrialization; it uses two main programmes—one to encourage the expansion of existing industry and the other to attract new investment from overseas.

In the last two years new job approvals have been split fairly equally between the two programmes. The first problem is that although the IDA is well ahead of its long-term targets, the unemployment rate remains at about 10 per cent, the highest in the EEC.

This is partly attributable to the decline in emigration of young people to Britain and the United States; Ire-

land has a growing population for the first time in more than a hundred years.

The recession has decimated the less efficient traditional industries. In 1976 for the first time in three years there was a net gain in industrial employment, albeit a small one (2.8 per cent).

In 1975 the new jobs which actually came on stream—44,000—were neutralized twice over by the 28,000 jobs lost. But this year there should be a substantial net gain of about 10,000, still far short of the 20,000 new jobs a year required from industry if the Government's avowed goal of cutting unemployment to an "acceptable" 4 per cent by 1986 is to be realized.

The burden of stimulating enough investment to produce these jobs rests squarely on the IDA's shoulders; for sign investment will continue to be the test of the authority's success. This leads to the second reason why IDA action is needed.

Despite the record flow of American investment in Ireland, the massive Ford engine project, went to Cardiff rather than to Cork. That was galling enough. Even more galling was the decision by the Dutch steel cord manufacturer Ferensa to close its strike-prone Limerick plant.

The loss of 1,400 jobs is bad enough; just as bad is the effect news of Ferensa's departure may have on potential new investors. The reasons for the closure are complex and probably have more to do with the parent group's straitened circumstances and rumours of plans to begin producing in the United States, than with the

inter-union squabble which the company says ended production at Limerick.

The worry from IDA's viewpoint is that industrialists in other countries will soon forget these other reasons and will simply remember that Ferensa pulled out of Ireland.

But one failure should not be allowed to cloud the picture of success. Since 1960 more than 700 overseas manufacturing projects have begun production in Ireland, including tax-free profits for exporting industries. Export profits tax relief is likely to become a victim of BEC Commission disavowal before its scheduled termination date of 1990, but Ireland's new Minister for Industry, Commerce and Energy has repeatedly given assurances that it will be replaced by an equally valuable alternative. Aid, of course, firms already benefiting from export tax relief will continue to do so until 1990.

Despite its achievements, the IDA's task is more daunting than ever and the authority has been putting more force into its promotional efforts abroad, through its 14 overseas offices, a task advantage of the new investment buoyancy while it lasts. There have been good responses from Europe this year as well as from North America.

Europe has stagnated since 1973 as a source of investment, but Britain, France, Germany, Italy and Holland have all been showing renewed interest in Ireland.

Most of the increase was contributed by the new exporting industries attracted from abroad. The most successful sectors have been engineering and electronics, chemicals, pharmaceuticals

and health-care products, synthetic textiles and leisure goods.

For example, since 1976 more than £250m worth of overseas investment in Irish synthetic fibres plants has been announced; this includes the £25m Corbould polyester works at Limerick.

These industries have been attracted by the unwavering welcome for foreign manufacturers and by the IDA's generous financial incentives, including tax-free profits for exporting industries. Export profits tax relief is likely to become a victim of BEC Commission disavowal before its scheduled termination date of 1990, but Ireland's new Minister for Industry, Commerce and Energy has repeatedly given assurances that it will be replaced by an equally valuable alternative. Aid, of course, firms already benefiting from export tax relief will continue to do so until 1990.

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Hurling and horses absorb the sports mad

by Donal Foley

The Roman Emperor Caligula appointed his horse a consul. The Irish follow the same tradition, according to the cynics. The horse, they maintain, is Ireland's best ambassador.

Foreign Affairs, conceivably, would doubt this assertion, but at least it serves to show that the Irish are sports mad. Indeed, mad may be regarded as the operative word when one learns, for instance, that in West Cork bowling is played weekly along the public road with a solid stone ball—and attracts hundreds of spectators.

But quite apart from local idiosyncrasies, there is no denying that every kind of sport is avidly pursued and supported by the Irish. In foreign eyes horse racing has pride of place.

A day's racing at a rural meeting in Ireland in high summer is certainly an event to remember. Farmers dress in their Sunday best and through the beer tents; women examine all the china-ware, clothing and kitchen equipment in the stalls of the travelling markets. The

"trick the loop" man, the humble man and all the other backsters and mountebanks ready to make a quick bob are an accepted part of the scene.

But racing, contrary to popular belief outside Ireland, is not the great Irish popular sport, even though the gambling is a national malaise. The real Irish sports are the indigenous ones of hurling and Gaelic football.

Down Tipperary way in late summer a farmer will say to you: "If we only had the hay saved and Cork bet (beaten) it would be a great year". Cork are Tipperary's neighbours and their fiercest rivals in the great hurling battles of the year. Indeed, so intense is that rivalry that a hurling victory over Cork is regarded by Tipperary men to be as important as a good harvest. The feeling in Cork is no less intense.

Hurling played with sticks is nearly as fast as ice hockey. It is played with 15 a side and will attract 50,000 people to a Munster final, for instance, between Cork and Tipperary.

Gaelic football, which resembles Australian Rules football, is even more popular in counties such as Kerry, Armagh, Dublin, Galway, Mayo and Kildare. Both games attract capacity crowds to Croke Park Stadium, Dublin, for the All Ireland finals in September. The reigning champions are Dublin (hurling) and Dublin (football), and there is hardly a schoolchild worth his salt in either area who could not throw off the names of all the players without difficulty.

Gaelic games are as big a cult in Ireland as soccer is in England. With the difference that Gaelic games are strictly and genuinely amateur. Sociologists accept that to study Ireland properly, knowledge of the Gaelic Athletic Association is essential. For many, observance of its rules and edicts is a way of life.

Professional soccer of the local part-time variety, which is normal in Ireland, has never attracted the crowds in the same way as the Gaelic pastimes have but the return of Johnny Giles, the Irish international captain, has given that code, too, a fillip. Giles, formerly a star performer with Leeds United, returned this year to Shamrock Rovers, one of the few famous soccer clubs in Ireland. He is the players-manager, and has introduced high grade professional methods. He is running something of an academy at Milltown, the headquarters of the Rovers club.

Strangely, every Irish child knows all about British soccer and Irish players in Britain like Steve Haighway are supported with as intense local pride. The Irish television service recognizes the devotion of the Irish public to English soccer by televising Match of the Day, which has a record Tannoy rating.

One of the reasons for the mediocre standard of Irish home soccer is that British talent scouts are constantly recruiting promising players from Ireland. If a young player shows any talent, he is immediately grabbed and given a contract and good salary—something with which the local club cannot compete. The Irish international football team consequently is totally selected from English league players. The home clubs are kept going only by sponsorship and part-time professionals.

Irish rugby, on the other hand, is a fast growing sport and is fostered in most of the boarding schools, public schools such as Clonsilla, Blackrock, Belvedere, Presentation and Christian Brothers, Cork, and others in Northern Ireland. All the universities in both the Republic of Ireland and Northern Ireland have strong rugby clubs and there are traditional clubs in Dublin, such as Beccles and Lansdowne, as well as in Cork and Limerick.

The fact that rugby is an All Ireland game and that Ireland takes part in international matches as a united nation are potent factors in its favour. It brings Unionists and Nationalists together at Ravenhill, Belle Vue and Lansdowne Road, Dublin, and enables them together to cheer for their country.

Irish rugby, although not achieving great success in the past few seasons, can still hold its own with the best in the British Isles. The feats of Mike Gibson and Willie John McBride have made them into national heroes. The Irish hockey team has a good international reputation and the game, like cricket, has its local following. Oddly cricket in the last century was very popular in some counties, such as Kilkenny, and the cricket clubs were regarded as "hot beds of Fenianism".

Greyhound racing, which is run by a semi-state body Bord na gCon (the Greyhound Board), is an enthusiastic following in almost every town in Ireland. In Dublin there are two stadiums: Harold's Cross and Shelbourne. There are also tracks in Cork, Limerick, Wexford, Clonmel and Wexford. Many Irish farmers breed greyhounds and the interest of the parish priest is also legendary.

Clearly, the fanciers all hope that one day they will breed a greyhound like Master McGrath, who won the Waterloo Cup three times. He is the only greyhound in the world to have a statue erected in his honour. It is between Waterford and Clonmel. He had a famous belief written about him which every coursing addict knows. It goes with the famous line: "Three cheers for Ould Ireland and Master McGrath".

Coursing, as distinct from track racing, is a very popular sport in rural Ireland, although demonstrations by the Anti-Blood Sport organizations are common. Clonmel, where the Irish Cup coursing finals are held, is regarded as one of the great sporting venues of the year. People travel there from all parts of the country, and argue heatedly about the merits of the various greyhounds who have big followings in areas in which they were bred.

All these sporting events in Ireland are great classics affairs and enjoyed by everybody. The sport which has gained most in recent years through the success of Irishmen in international events is golf. There are many first class and beautiful courses in all parts of Ireland and the game is still fairly cheap.

The chessmaster Christy O'Connor is now aging, but is still the over 50's world champion. His nephew Christy, junior, has made his mark in international tournaments and in his opinion of sports writers may eventually achieve the same fame as his uncle. Ramona D'Arcy, Jimmy Greene and Mary McKenna are other names that spring to mind.

Television gives much coverage to all sport in Ireland giving it a big new impetus. Although standards have noticeably improved this year, and Irish athletes are now competing with great confidence in international events. It is hoped that Ramona O'Connell will again bring home a major honour for Ireland in the Olympic Games in Moscow. One thing is certain, he will have the good wishes and support of every man, woman and child in the country.

Enthusiasm for sport has become infectious. Meritfully, so far sports stadiums have been almost free of serious incidents among spectators. Sport, although perilous, is still fun.

The author is assistant editor, The Irish Times.

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Farming is a new status symbol

by Hugh Clayton

Membership of the EEC may turn out to be the best thing that has happened to Irish farming. The country is the most agricultural of all EEC states, beating the hills of Italy and the plains of France in terms of the predominance of agriculture in the economy. Almost a quarter of the Irish population works on the land compared with a Community average of less than a tenth. Since Ireland joined the EEC in 1973 it has operated the Common Agricultural Policy in a purer form than most member states; certainly in a much purer form than Britain.

Prices and output on Irish farms have increased enormously in the past five years. The results can be seen in the large new houses which are appearing in isolated parts of the countryside. The status of farming as a career has increased in the eyes of young people and the price of farmland has risen so that it is often almost twice as high as in Britain.

Farmers in the republic have enjoyed many of the advantages of membership which have been denied those in Britain. As sterling declined in 1975 and 1976 the Irish green pound kept closer to the value of the British one. The green pound is the translation of EEC farm prices into national currencies and those prices have been allowed to rise more in the republic than in Britain.

The different values of

the green pound in the two countries accounts for the distortions which encourage cross-border traffic, both legal and illegal, of livestock in Ireland.

The Government has decided to protect its farmers while British ministers have chosen to shield their consumers. One result of that is that a pound of Irish Kerrygold butter can be bought in an English country town for the same price as it would cost in a shop next door to the creamery in the republic. The British price is often much lower than the price in Ireland.

Despite the clear benefits of Irish membership of the EEC there is concern, as there is in every strongly agricultural economy, of its ultimate effects. The key to that is expressed in the name of one of the most important institutions of the CAP. The kitty from which payments are made at the expense of the whole Community is called the European Guarantee and Guidance Fund, and reflects the desire in the Treaty of Rome not just to shore up European farming, but to reshape it.

The policy is criticized when it operates in strong farming areas like the republic for guaranteeing much more than it guides. In other words it has shown convincingly that it can provide the prices needed to sustain a prosperous agriculture. It has not shown that it can consolidate that gain by giving agriculture the flexibility and resilience needed to survive the fluctuations in supply and price that characterize seasonal

markets in perishable products. The danger is that the protection given by the policy dulls the sharp edge of the most competitive businesses and shields the inefficient from commercial reality. The republic traditionally has a highly specialized agriculture which depends primarily on export sales.

The country exports more food than its own people eat. Its main raw material is grass, and livestock is the basis of its farming economy. More than nine-tenths of Irish farmland is down to pasture and the national cattle herd and sheep flock both outnumber the human population. Beef and dairy products together account for almost two-thirds of output by value and almost three-quarters of agricultural export value.

That leads to dangerous dependence on one volatile sector of the international food trade. It is particularly risky for the Irish cattle industry since farmers and meat traders tend to export their produce in its least processed form, thus sending abroad the potential for adding value.

The McKinsey report about Irish farming, published in the summer, said: "In the meat industry Ireland has not developed a strong presence overseas. Marketing efforts have with few exceptions been diffused and fragmented."

Dairy produce, has been marketed more successfully abroad, and that industry is about to embark on a five-year diversification plan so that the fraction of

the republic's milk which is used for butter will be cut from three-quarters to three-fifths by 1981.

Once again the machinery of the Common Agricultural Policy offers a helpful illustration. The republic has no "mountain" of surplus butter, a remarkable tribute to the skills of the dairy industry in a country which produces far more milk than it can consume. But the largest importer of milk products in the world, has such a surplus, albeit a small one by Community standards.

For beef, the Irish picture is quite different. This year the republic, one of the smallest EEC states, has accumulated a surplus, beef faster than any other. More over the Irish Livestock and Meat Board reported at the end of November that since mid-1973 the republic had bought more beef into official EEC storage than any other member state. It beat France, the largest agricultural producer in the Community, by a short head and left Britain far behind.

The Irish beef "mountain", of more than 400,000 tonnes, is inescapable evidence of the ability of the CAP to stimulate production far beyond the capacity of existing market channels.

Despite such difficulties, however, there is no doubt that the Irish were wise to join the EEC. Their economy is of the type for which the CAP is designed. The policy will change, though, and if the Community survives to the end of the century, its agricultural policy will be much less favourable to farmers than it is now.

When European consumer groups adopted their seventh plan for reform of the CAP in London early in December, they were supported by the delegates from the Consumers' Association in the Irish Republic. One resolution called for cuts in EEC farm prices in real terms while another said that "production conditions for farmers vary greatly, and as a result aid given to all farmers through prices is inefficient".

The groups said they wanted the CAP to be turned into a food policy in which the needs of consumers were given as much prominence as those of farmers. That mirrors the view of British food processors, who in national terms are the most powerful in the EEC and who have many plants in the Irish Republic.

It is not an encouraging trend for the republic since output of the entire food processing and drinks industry there is dwarfed by that of agriculture.

The country is at a turning point now that the transitional period of EEC membership is ending. The CAP has given it a strong financial base for farming from which it has the chance to go forward into international markets with more influence than ever before.

It is unlikely for Ireland that the chance has come just as powerful lobbies are trying to turn the policy inside out.

The author is Agricultural Correspondent, The Times.

A heady brew that is often dangerously intoxicating

by Conor O'Brien

It is a heady brew for any youngster to taste. Scarcely out of the cradle he fears of the Tain, the great Celtic fight between Connaught and Ulster with its story of the hero Cuchulainn. Even as a schoolboy he will be told of the Book of Kells, Europe's most remarkable illuminated text prepared by monks in the eighth century; should he be in or near Dublin he could see it under its glass case in Trinity College. Later he will learn of the Augustan period of Gaelic culture, when St Columcille and his followers enlightened Europe at the end of the dark ages. After that comes the poet Brian Merriman, the haunting music of Carolan, the blind harper.

But, with the Battle of the Boyne (or rather the Battle of Aughrim) and the Williamite victory at the end of the seventeenth century the *Gloria Gaed* fades into a near-sylvan gloom with the banning of Irish, the total prohibition of traditional culture. Since no mention of Ireland could be made in ingenious bards invented alternatives like Róisín Dubh (Little Black Rose) and Kathleen Mavourneen.

The result was exactly the opposite of the draconian aims of the authorities:

Gaelic culture flourished, perhaps because of the repression, in the homes of the poor and in out of the way places. Soon what was left of the poetry after the flight of the Harp, those at least who felt safe to do so, returned to the tradition of entertaining the wandering poets, dancers and musicians. The greatest epic poetry, the most evocative music, was written at this time.

The spread of English, however, quickly produced another culture; writers, musicians, poets, satirists and dramatists—Goldsmith, Congreve, Burke, Swift, Sheridan and the composer Field. All made their mark in England and thus the two-nation culture arose which found its zenith with Shaw, Yeats, O'Casey, Synge, Wilde, James Joyce and Beckett.

The Irish tradition languished but revival came with the encouragement of the German philologist Kuno Meyer, Robin Flower of Oxford and Patrick Pearse who was head of an Irish-speaking school when he led the Easter Rising of 1916.

The publication of Maurice O'Sullivan's beautiful account in Gaelic of life on the Blasket Islands, *Twenty Years Ago*, rekindled interest in a language and tradition that had faded over more than a century. Irish became a compulsory subject in the schools, parts of the country were designated

Gaeltachts (Irish-speaking regions) and all kinds of inducements, offered to "native speakers", as they became known.

Yet as always, official encouragement, however well intentioned, had a contrary effect and active opposition to the language, often, atrociously taught, arose in the schools with the result that a few years ago the coalition Government decided to drop it. Irish once more has retreated to the little enclaves of Donegal, Connemara, the Aran Islands and the Dingle peninsula. While it would be wrong to say the language is vanishing under the Anglo-Saxon onslaught, closer contact with Britain and North America has eroded its use.

This mixture then, this heady brew, can be said often to be dangerously intoxicating. The historical connexion between nationalism (now republicanism) and the Irish tradition leads to the awful confrontation between the "Protestant" or Orangemen of Northern Ireland and the "Fenian" Catholics.

Nowhere is the two-nation culture so clearly seen as in the North. There among the "planters" Irish is almost unknown and yet they feel because of their lack of any identity other than English, unwelcome. As a result they have begun to search into their folklore, with remarkable success, for their own songs, plays and back-

ground now admirably recorded for posterity.

The National Library in Dublin is another matter entirely. Since John Eglinton's time it has suffered from an embarrasment of riches which it has not been able to cope. Joyce, Shaw and other manuscripts are chronicled there but many boxes of unclassified documents remain. Things may look up when the Library takes over the remaining premises in Kildare Street, vacated by the Kildare Street Club and the Civil Service. The Royal Ulster Academy, long behind it houses the Lane Bequest and many ugly Victorian portraits yet boasts a remarkable restaurant. The National Museum displays various collars of gold and other Celtic works in precious metals. Several local museums are being established in the country, some with great success.

A cynic might say of the changes in Ireland that the Celtic twilight has descended into night and that, dramatically speaking, the time is one measure to midnight. Little new work of any consequence is being done and the fault can be placed squarely at the door of the National Theatre—the Abbey and its "workshop" offspring, the Parnok.

Interviewed by *The Times* recently Cyril Cusack blamed the malaise on bureaucratic administration and this would seem to be the case. Certainly the "new" Abbey, which has taken the place of the old, burnt building, has made little or no impact yet continues to soak up about half the total Arts Council grant of £1m.

A glimmer of hope appears, however, with the rebuilding by volunteers of Dublin's Olympia Theatre, really more of a music hall and closer to the warm heart of the city. Again, part of the second cultural stream, the Westport Opera Festival flourishes but owes its success to the numbers of faithful followers who travel from overseas to the 500-seat venue year after year. So, too, with the Cork Film Festival which continues to provide screenings for many productions which would not normally be seen on the main circuits. An outstanding example is the low-budget film, *Mise Eire* (I am Ireland) with its remarkable and haunting score composed by the late Sean O'Riada.

Mention of O. Riada recalls the magnificent re-birth of interest in traditional music which he led as Radio Telefís Éireann's musical director and in other activities outside that organization. With the decline of the "singing" pubs—vast anonymous lounges where one had the pleasure of having one's ears blasted by pop music and one's clothes slopped with Guinness—so the crowds flock to the Celtic festivals (and the even bigger, large-scale concerts given by such groups as The Chieftains).

Gareth Browne, of the Guinness family which has done so much to encourage the arts, must claim much of the credit for the surprising success of The Chieftains whom he first recorded for his Claddagh Records company and who now spend

seven months of the year on tour abroad. Their leading player and now managing director of Claddagh, Paddy Moloney, explains: "We won't be compromised. We won't bicker about our art... they (the audiences) have to accept us for what we are, warts and all. After all, it's the music that counts..." Such dedication has already brought fame and fortune as well as a share in the Oscar won by Barry Lyndon.

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The world's round

Mr Lynch accused of complacency but popularity remains

by Robert Fisk

In private, Mr Jack Lynch suggests that his style on the hurling field gives a clue to his character. He will never hit out first on the field but if anyone plays dirty on him he will always be able to get his own back when the referee is not looking.

It is a remarkably candid illustration because Mr Lynch is not the kind of man to give much away. His only recorded remark on the real hurling field in recent months came 24 hours after his Fianna Fail party won last summer's general election with a majority of more than 80 seats in Dail Eireann. "Don't be complacent", he told the Cork players in their dressing room at the hurling championship; and his team went on to rounce Waterford.

The parliamentary Opposition, infuriated by the public's continued trust in Mr Lynch and his ministers six months after their landslide at the polls, now accuse the Government of complacency. Watching Mr Lynch's choice of ministers on Irish television, plodding drearily through a series of tired clichés as they defend their election pledge to reduce unemployment by 20,000 a year, it is not difficult to see why the Opposition complain.

But the opinion polls show that Jack Lynch, holder of five all-Ireland medals for hurling (and one for Gaelic football), is still playing on firm ground. Car tax has been abolished, just as he

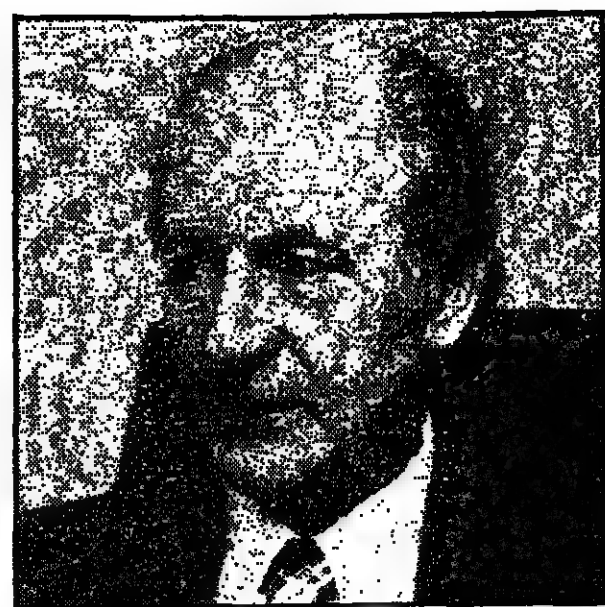
said it would be, and first house buyers are receiving their promised £1,000 reductions. There are few people in the 26 counties who have yet publicly claimed they are sorry they voted Fianna Fail in the last election.

Perhaps they will not do so, for Jack Lynch is an astute man, a compromise choice as Taoiseach way back in 1966 but a man who has his friends about him in government. He has brought his close friend, Dr Martin O'Donoghue, a well-known economist, into the Government as Minister for Economic Planning and Development. Mr Des O'Malley, the Minister for Industry, Commerce and Energy, is reportedly Mr Lynch's favourite for successor, an abrasive, intelligent man, "the son Jack never had", as one of his associates put it.

Mr Lynch's Cork antecedents has become something of a cult. Cork men have a snobbish pride in their city which enrages other Irishmen. He has not forgotten, like several ministers in the previous coalition government, that personal popularity matters and that a politician should keep close to his roots.

Mr Lynch's enjoyment, when he stood up to sing The Banks of my own Lovely Lee after his election victory—the Lee flows through Cork—was perfectly genuine, and only last month he wrote a warm, if slightly predictable, account of his boyhood Christmas in Cork for a Dublin magazine.

But his personal spontaneity is not reflected in government. He is not great thinker, no academic and no innovator. Political correspondents on the Dublin papers are at a loss to recall any significant initiative which he has taken during



his years of office and his detractors within Fianna Fail claim that he is a secret partisan. Certainly Mr Lynch's ambivalence towards Northern Ireland has been matched only by his Government's lethargy towards the six counties of Ireland to which the Irish constitution still lays claim.

Perhaps it is because Mr Lynch knows that he cannot influence events there. But his demands for an end to partition have become steadily less strident as the years have gone by. If that has appeared good news for the British (and the Protestants of Northern Ireland), it has only added to Mr Lynch's reputation for indecision. As Mr Brian Farrell, one of Dublin's better-known political analysts, said of Mr Lynch's first administration: "Despite his performance at the polls, Mr Lynch appeared an inert

government leader. His instant decision was replaced by longer periods of gestation."

It is true that de Valera, for whom Mr Lynch worked as Parliamentary Secretary from 1951 to 1954, also believed that cabinets should thrash out domestic questions at length. Mr Lynch admitted "Des" perhaps he was overawed by him. But there is little of de Valera's courage in a Lynch government. The shadows that fell across his administration in 1970 at the time of the arms trial have never really disappeared. Just how much he did know about the affair is a question often asked privately but less frequently discussed in public for the law of libel, as is strict in Dublin as they are in London.

The only personal emotion of animosity which Mr Taoiseach has shown in

recent years, however, was his intense dislike—one might almost say loathing—of Mr Edward Heath. He has not forgotten, how Mr Heath allowed British officials to "look details of the press nor does he find it easy to forget Mr Heath's reprimand after interment was introduced in Northern Ireland in which the British Prime Minister told him, in effect, to stop complaining and mind his own business.

The British are sometimes unable to understand why Fianna Fail is the largest party in Ireland or why Jack Lynch is so popular. That is because they do not understand the depth of nationalist feeling and the "anti-Britishness" of that feeling in Fianna Fail. It is also because they do not understand Corkmen. Mr Lynch, of course, can disregard such foreign contempt. His Government can take a few more months of opposition condemnation before something really goes wrong.

For if Jack Lynch has an Achilles' heel, it is that promise to reduce unemployment. How can he do it when 30,000 join the queue for jobs every year as the population increases and when, only last month, 1,400 jobs were lost at the Ferenka factory as Limerick's Irish unemployment stands at 10 per cent, and it will need more than a ministerial metaphor or two about gathering speed for economic take-off to deal with it.

But Mr Lynch is taking it all in his stride. "Whatever Jack is going to do will be done six months before the next election," one of his critics put it this month. "Meantime, Jack will puff on his pipe."

by John Young

A few years ago I drove down to the far south-west of Ireland to interview the distinguished poet and playwright, Mr John B. Keane, who keeps a public house in Listowel. At that time the troubles in the north were at their height and, in a staunchly republican part of the world like Co. Kerry, I was prepared for some anti-British sentiment.

John B. was serving behind the bar when I arrived, and I was introduced to the assembled company as "the journalist from London". There followed a flurry of handshakes, a chorus of "What'll ye have?"s, and enough pints lined up along the counter to satisfy a platoon of hard-drinking backs.

I recount this incident only because so many of my acquaintances remain convinced that the moment they set foot on Irish soil, they will be verbally humiliated. If not physically assaulted. In the past 10 years I have come to know all 32 counties, north and south, almost better than I know my own country. I have argued, debated, criticised and quarrelled; but never once have I been made to feel that my Englishness was something for which I should feel apologetic.

Fellow scribes, on their way to the Wexford festival, have become lyrical about their elation on crossing the

bridge over the Slaney and seeing the lights of the fair city beyond. A lovely bridge it is too, particularly at dusk with the steep rocks silhouetted against the western sky, and never mind the obstacle race between the oil drums and other deliberate hazards which suggest one crosses it only at one's peril.

Wexford—not as far as it might be, if an active conservation society of the sort that Ireland conspicuously lacks were set to work—may also be approached from the south-east by way of the lare. The ferry from Fishguard is much the better of the two Sealink services to the republic (the other being from Holyhead to Dun Laoghaire, near Dublin); Rosslare strand, two or three miles from the ferry terminal, is by way of being a holiday resort, with a testing golf course and the admirable Kelly's Hotel which has, alas, become rather expensive.

From Wexford the choice is north to Wicklow and Dublin, or west through New Ross and Waterford. For those seeking the "real" Ireland, whatever that might be, the latter route can be the more rewarding. The latter route can be the more rewarding. The latter route can be the more rewarding.

You may choose the southern route through Youghall to Cork, one of the most underrated cities in Europe; and thence to Blarney (an attendant holds your feet while you lean over back-wards to kiss the stone, and I am not at all sure that its reputed magic is exaggerated) or to the enchanted coast where the "Brits", or at least the Anglo-Irish, still hold sway over the yachting harbours of Kinsale, Beld-

more and Skibbereen (whose local paper once warned "Mister" Hitler that it was keeping a close watch on his behaviour).

Or you can head due west for Killybegs through Malinbeg, a largely unspoiled Edwardian country town where my wife and I spent the first night of a post-honeymoon holiday. Our companions were the landlady and a jewelry salesman who was celebrating the death of a rich uncle in Chicago, and who recited poems of Tennysonian poetry, insisting that it was his own.

All around you are conscious of the mountains that erupt everywhere upon this ancient volcanic landscape, culminating in the distant, hauntingly blue, the Kerry Dancers, surely one of the saddest and loveliest in the English, or Irish, language.

Kerry has more than its fair share of delights. Killybegs' ethereal beauty has miraculously survived the onslaught of tons of thousands of tourists. The Ring and the Dingle peninsulas are sombre and superbly unassuming, and unassumingly unassuming anywhere else in the British Isles; in Ballybunion a graveyard suitably awaits the sliced drive off the first sea, and understanding fishermen serve half-pint Bloody Marys to mitigate the previous evening.

It is a harsh, hard, rock-strewn corner of Europe, accustomed to bearing the brunt of winter Atlantic storms. Yet in high summer it can be serene and sublime; the memory of one golden, sun-drenched afternoon on the south shore of

the Shannon estuary, with horse-drawn haywains lading along the narrow lanes, haunts me to this day.

The "real" Ireland? Cork and Kerry, for all their beauty, are to Ireland much as Devon and Cornwall are to England, relatively prosperous shires which have so far failed to find a balance between tourism, industry, agriculture and the needs and wishes of their inhabitants.

Cross the Shannon, either at Limerick or by the idyllic ferry from Tarbert, and the atmosphere subtly changes. Connaught may have thought that Connaught was the nearest thing to hell, but he can surely never have contemplated Co. Conn on an autumn afternoon or stood or evening upon the stupendous cliffs of Malinbeg. Fresh grilled mackerel and pints of the black stuff in a hotel in Ennistimon have brought me a perfect day to its perfect close.

The city of Galway need not detain you long; but head west to Connemara and, within a few miles, you encounter a scenic virtuosity that can hardly be equalled.

Take a vista of misty mountains, descending upon a lowland where stone-walled cottages are almost indistinguishable at a distance from the surrounding boulders. Take a shoreline where the rivers water out amid corn and sands where lagoons provide a blue and green panorama which the Mediterranean, albeit several degrees warmer, would be hard pressed to match.

There is a sense that you have a little bit of Connemara. Add a medium of bitter history, and the charm, exasperating nature of the people, and you have a taste of Ireland.

English visitors need not feel apologetic

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FROM THE MADDING CROWD One lasting impression everyone takes away from Ireland is that of peace and quiet. Not loneliness, mark you—it must be the easiest place in the world to make friends—but you never feel overcrowded. In fact the entire population of the country is only some thing like one-third that of London alone!

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IRISH COFFEE It was of course the Irish who invented whiskey in the first place—and put the 'e' in the name. The next best idea, according to some, was mixing it with hot, sweet, black coffee and floating a thick layer of fresh cream on top—for you to sip at.

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BEACHES It looks like a postcard from the Mediterranean, right? It's Co. Donegal. With more than 3,000 miles of coast, Ireland has hundreds of beaches to choose from—and none of them get crowded, even in summer.

BORD FAILE APPROVED There are just a couple of words of Irish you might care to learn. "Bord Faile" means Tourist Board, but you can also translate it as welcoming committee. Which just about sums up Ireland for you.

HIS WELCOME, TOO Ireland and Britain have both been so careful about babies, there are no restrictions between us on travel. Bring him, and welcome. Bring the cat as well, if it comes to that!

CATERING FOR YOURSELVES Do it in a picturesque cottage, or in a modern hotel, or in a cabin cruiser on the wide, lovely Shannon and its lagoons, or do it campily in a horse-drawn caravan. But do it!



SCENERY The country's smothered with it, and it's certainly not all cows in green fields either. This is one view of one part of the Gap of Dunloe—a mountain pass hard by the Lakes of Killarney. You take a pony or a jumping-car for the first part of the trip, and then a boat, and words cannot describe the beauty of it all.

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by Maeve Binchy

In New York on St Patrick's Day, the restaurants offer what they call "typical Irish food". Everywhere it is corned beef and cabbage. Now, think. I've eaten corned beef in Ireland about twice and never in a restaurant. It may be the typical dish of somebodies but to anyone Irish it certainly is not home cooking.

What do we do when we're away from home? Broadly, certainly. I laugh at these complicated recipes using yeast that people unearthed in Britain during the bread crisis. I thought everyone knew the way you made bread was with a pound of brown flour, a half pound of white flour, a pinch of bread soda and some milk. But we have grown lazy, and it is easier to buy the bag of instant mix, to get our hands off mess, to have to wait an hour or two before you eat it.

Convenience foods made eating in Ireland as dull as sitting at a restaurant. I'm not saying that. I'm saying that if you're a while, and you could drive for miles through countryside green with firm cabbage or healthy potato fields and red with orchards, where the pump was decorated instant mash, the vegetables had been brought back from an earlier dehydrated life with boiling water and the apples in the frozen baggy and from a tin. The explanation was the same—the cost of labour. It was cheaper to buy a catering pack of instant soup.

Oh, yes, much cheaper than paying somebody who would sit in a kitchen preparing vegetables and stirring them in a soup. Anyone could see that.

But now, like others, the Irish realise how much everyone likes fresh food, and even though it is ludicrous for a small island which relies heavily on its fishing industry for survival, it needs to advertise fresh food, and these signs nowadays, and they are considered a big draw. Fish was always there in the "chippers", but it has gone upmarket, and many of the chic restaurants are those which specialise in seafood.

I think most of Ireland's eating problems have been ironed out. There was a time up to a few years ago when you could not find a good restaurant in the middle price range. You could eat splendidly at a high price or gloomily at low prices but there was nothing in between. Now that has all changed mainly because of young people.

unwillingly poured pint the first time I saw one outside the country that provides "the Liffey water" for their stout.

Ireland's own whiskey is as carefully chosen and savoured as the simplest of any whiskey drinker as real ale is sipped by real beer drinkers, or as the produce of a French vineyard is tasted by discerning wine bibbers.

You would not offer a Jameson to a faddy drinker, and neither would accept a Powers, while the Eustachius supporters would regard the other three brands as being so far removed from their own as to approximate to a mere stout.

Good news for winers and diners is that the wine lists are broader, longer and more interesting than they were some years ago. People do not name a wine as an exotic European taste any more; the day is gone when we judged a wine list by its prices.

There are some funny things still to the visitor. Restaurants in the past did not have spirit or beer licenses unless they happen to be attached to an hotel or premises that are already licensed, so you will not usually get a beer with your curry or a brandy after your crêpes Suzette.

You learn to have a port instead, because that counts as wine, and very often an Irish coffee gets by because the restaurant can legitimately claim that it is only a spirit used for "cooking". But that may change in the future too. Certainly the restaurant owners are making loud noises about it.

And if you go to Ireland often enough you can join in the national game that goes with eating and drinking—which is watching who is at the next table or coming in the door. Soon you will know them all.

The author is on the staff of The Irish Times.

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New Firm

OUT O

the lessons of the public levels of the market. The market is a complex of many factors, and it is difficult to predict its movements. However, it is clear that the market is moving in a direction which is favourable to the public. This is a good sign, and it is a reflection of the fact that the public is becoming more aware of its own interests. This is a good thing, and it is a reflection of the fact that the public is becoming more responsible. This is a good thing, and it is a reflection of the fact that the public is becoming more active. This is a good thing, and it is a reflection of the fact that the public is becoming more powerful. This is a good thing, and it is a reflection of the fact that the public is becoming more influential. This is a good thing, and it is a reflection of the fact that the public is becoming more important. This is a good thing, and it is a reflection of the fact that the public is becoming more significant. 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OUT OF WORK AFTER SCHOOL

One of the lessons of 1977 has been that the public reaction to the highest levels of unemployment since the war has been much milder than the conventional wisdom would have led one to expect. Whereas other countries fear inflation, it used to be said, the British go into paroxysms of anxiety once the numbers out of work begin to mount. But the British this year have reacted much as others are supposed to do. No doubt this is largely because we have had such an unpleasant taste of inflation. It may also be that even with unemployment at nearly 6 per cent it touches only a small minority of the people. Yet there is one notable exception to that general rule: youth unemployment.

When the demand for labour falls in a country where there is comparatively high job security for those in work the effect is most severe on those joining the labour market. Employers run down their work forces by the process of natural wastage, which involves an unstated stop on recruitment, until the required level has been reached. The young worker is not able to compete on equal terms with those in a job: he has to wait until an opportunity occurs, either unemployed altogether or in work below what he might reasonably have expected from his qualifications. In both ways young people are bearing an exceptional share of the burden of unemployment, and these consequences, going beyond the bare statistics of the unemployed, are liable to be felt by a great many families across the country, not confined to any class or region.

There are the makings here of one of the major social problems of the next decade, all the

more disturbing when youth unemployment is seen in the context of other factors brought to light in *Social Trends*, the annual publication of the Government Statistical Service, which devotes its main analytical article this year to an examination of the circumstances of the age-group from fifteen to twenty-five. Alongside the narrowing of job opportunities there are other signs of restlessness. "Job changes are more frequent for young people", it is pointed out, "than for the population as a whole", and "associated with the greater job mobility of young people are higher levels of dissatisfaction with their jobs than older workers".

There may not seem to be any reason for surprise or anxiety in that it is hardly astonishing if a number of young people do not strike lucky with their first employer and only sensible that they should then move about until their needs are met. But to put it like that is to suppose that their reasonable needs can be met without too much difficulty and it is possible that we are now approaching one of those critical junctures in any society when the expectations of the younger generation, especially the more highly educated of that generation, have to be scaled down significantly.

This trend may not be a lasting one. Unemployment may drop, though for the moment that must come into the category of pious hopes rather than a calculation based on evidence. This week's OECD report predicts that unemployment in the United Kingdom will level off next year, though at a rate of nearly 6.5 per cent. *Social Trends* points out that in the short term there is an unfortunate combination of demographic factors: a large

number of young people coming on to the labour market "at a time when relatively small numbers (born around 1914-18) will be reaching retirement age, and when more married women are also seeking work". But a more numerous generation will be approaching retirement later and the fall in the birth-rate after 1964 means that fewer young people will be looking for jobs in the 1980s.

But that will be little consolation for the present generation of young people contemplating the closed doors in front of them. It is on the whole a more highly educated generation than its predecessors. The number of students at full-time higher education has risen steadily since the late 1960s. So, with the proportion of school-leavers in England and Wales with level qualifications. But more and more of them have O-levels or their equivalent, and increasing numbers are obtaining A-levels through part-time further education.

These trends have all the marks of a strictly vocational purpose. Young people are either staying on at school or seeking part-time instruction sideways to get the qualifications that they believe employers will want. They are not seeking in increasing numbers those attainments for which it is thought there is a less ready market. *Social Trends* refers to "the feeling that a degree is no longer a passport to a 'good' job". If they then fail to find a responsive employer and feel themselves to be condemned to work that mocks the skills they have acquired, there is a danger of a generation that will remain rootless, soured and apathetic.

Planning controls on builders

From Mr Ian Deslandes

Sir, All those who have had cause either in the course of their business of providing houses, factories and offices or who have carried out extensions to their own houses, will have noted with regret the announcement by the Government that they have decided to withdraw their recent proposals to amend the General Development Order (The Times, December 15).

That the planning system is the cause of extensive and expensive delays and that one of the factors contributing to these delays is the excessive number of minor and insignificant applications was clearly established by the recent all-party report of the House of Commons environment sub-committee on planning procedures. That sub-committee also pointed out that the Government's proposals to widen the scope of development permitted under the GDO by the Government themselves spent more than a year in consultation on their amendments before laying the Order before the House.

It is to be hoped that this withdrawal does not now indicate that the Government intends to bow before the storm of misleading and inaccurate criticism of the proposals that has been orchestrated by members of the planning profession who no doubt resent the possibility that their opportunity to control development down to the smallest details would be severely diminished by this proposal.

Speaking in the House of Lords on behalf of the Government, Lady Birk gave the lie to the more hysterical critics of the Order who have given the impression that control over extensions and conversions of houses in the present parole procedure will still be required where any alteration is proposed that would affect the character of the neighbourhood. She made it clear that conservation areas will not suffer, because of the ability of planning authorities to exclude the operation of the GDO within all or any part of their area, subject to the consent of the Secretary of State.

Yet the greatest loss resulting from the permanent withdrawal of this proposal will be suffered by the community as a whole, which now incurs the cost of a long and costly planning process to the planning system, sometimes leading to significant industrial or housing developments being delayed or abandoned. The Government's decision to withdraw the proposal is a serious blow to the planning system, and it is to be hoped that the Government will consider its hands and see how they can now best deal with the situation. It is a pity that the Government's decision to withdraw the proposal is a serious blow to the planning system, and it is to be hoped that the Government will consider its hands and see how they can now best deal with the situation.

I hope that the Government will consider its hands and see how they can now best deal with the situation. It is a pity that the Government's decision to withdraw the proposal is a serious blow to the planning system, and it is to be hoped that the Government will consider its hands and see how they can now best deal with the situation. It is a pity that the Government's decision to withdraw the proposal is a serious blow to the planning system, and it is to be hoped that the Government will consider its hands and see how they can now best deal with the situation.

Developing industries

From Mr W. N. S. Calvert

Sir, William R. Moss has very clearly set out the issues raised by the development of new industries and the threat that this poses to the developed countries (article, December 12).

Recently some of these issues were well aired at a conference on the future of the world's leading and leading based industries organised by UNIDO. In essence the spokesman for the developing countries pointed to the very real potential for building up these industries in the developing countries, both to provide the capital and the know-how to help them do this, and also to keep their markets open to developing countries' imports. In reply the spokesman for the developed countries pointed to the very real potential for building up these industries in the developed countries, both to provide the capital and the know-how to help them do this, and also to keep their markets open to developing countries' imports.

One point in debates of this kind is so obvious that it tends to be overlooked. This is that it is not the developed countries who need the low cost manufactures of the developing countries: it is the people of the developing countries themselves. There is no justice in a system for example that requires workers in the third world to make shoes for the saturated markets in developed countries when their own families depend on them. What is needed is a plan by which the rich countries can transfer the skills and capital available to poorer countries without jeopardising their own industries in doing so. The essence of such a plan could be that if developing countries were to recognize the right of developed countries to protect their own industries against imports at prices they cannot hope to match, the developed countries in return could be more generous and willing than hitherto to offer them the necessary skills, which at home are often underutilized at present, and insofar as it is available the capital also.

Yours faithfully,
W. N. S. CALVERT,
Director,
Economics and Legislation,
British Footwear Manufacturers' Federation,
Royalty House,
72 Dean Street, W1,
December 16.

LETTERS TO THE EDITOR

Future of the Moors murderers

From Lord Longford

Sir, The practical issue of Myra Hindley and parole has two aspects: one general, one particular. The first question is whether any criminal, whatever they have done, should be denied access to the parole procedure. The second question is whether a particular prisoner, in this case Myra Hindley, should be granted parole, (a) in the near future, (b) at any time, (c) with any strings I possess, that the first question should be decided on principles applicable to all prisoners; the second on the merits of the prisoner as best they can be ascertained. In neither case should public outcry, real or manufactured, and in the case of Myra Hindley we have seen plenty of the latter, be allowed to determine the outcome.

Not long ago, a high person in the law wrote to a friend of mine: "To be frank, I cannot see Myra Hindley being released until the day arrives that the Home Secretary can be reasonably confident that her return to the community will not be greeted at once with howls of protest. It may be hard on her, but public opinion could not be so easily assuaged as it was during the war there were 'howls of protest' when Home Secretary, Mr Herbert Morrison released Sir Oswald Mosley from detention."

A debate in the House of Commons followed but Mr Morrison rode the storm. It did him no harm whatever and no one now supposes that he was wrong. It seems to me unnecessary to repeat more cowardly to present Home Secretary than Herbert Morrison showed at that time.

When I talk of ascertaining the merits of the prisoner, I naturally have in mind the parole procedure with all its admitted imperfections. There is first the review by a local tribunal, mainly independent of the official authorities, though a governor sits on it, then the parole board. There is finally the Home Secretary who may consult one or more judges.

I have little doubt myself that if and when Myra Hindley goes before the parole board she will be recommended for parole, sooner rather than later. No one who knows her seriously supposes that she would be a public menace if she were released. Her state of

remorse is such that she will be humbled by it all her life. Some people will consider that right and proper, others will view it more compassionately.

Too long a punishment, to adapt the words of W. B. Yeats, can make a stone of the heart. She has been 12 years in prison. No one who knows anything about prison life supposes that a few more years of incarceration would be expected to make her a better woman.

Last summer, a deputation consisting of an ex Lord Chancellor, and ex Home Secretary, an ex Chairman of the Parole Board and myself, waited on the Home Secretary to urge that life prisoners who have served 10 years should be at least allowed access to the first stages of the parole process. There were then about half-a-dozen such prisoners out of more than a hundred serving life sentences. I repeat with strong conviction the case we stated then. It applies, of course, to Ian Brady (and others) as well as Myra Hindley though the latter Ian Brady does not expect release.

There is no magic in the 10-year period. It is a way of saying that at a certain point some little ray of hope ought to be extended to every prisoner irrespective of his or her past. To refuse this minimum gesture of natural justice would seem to be a deplorable repudiation of Christian or any other reputable values.

I am asked so often why I am not more interested in victims that I cannot refrain from mentioning that during the last few months I have been working with others including victims or their relatives to give a new lead in that direction. I cannot help recalling the end of a book written many years ago. A young man has gone to prison and his sister rejects him. This dialogue then follows between the sister and the mother: Mother: Have you no forgiveness for him? Sister: None for him. Mother: Have you no sin to be forgiven? Sister: None like his.

The sister, if I remember correctly, was an adolescent girl who came to Christianity later. I cannot believe that her point of view is that of a country which still claims to be Christian with at least some justification.

Yours sincerely,
FRANK LONGFORD,
Siddhick and Jackson Ltd,
1 Tavistock Chambers,
Bloomsbury Way, WC1,
December 22.

Unification Church

From the Reverend Eric Inglesby

Sir, It may well be true that Diana Facer and her husband have some errors, but Mr Dennis O'Brien (article, December 22). This is an occupational hazard in journalism. But Mr O'Brien's theology is riddled with assertions which are untrue, misleading or distorted, especially in respect of the Unification Church. There is finally the Home Secretary who may consult one or more judges.

I have little doubt myself that if and when Myra Hindley goes before the parole board she will be recommended for parole, sooner rather than later. No one who knows her seriously supposes that she would be a public menace if she were released. Her state of

The Chogyal of Sikkim

From Major General Sir Alec Bishop

Sir, May I support the plea made by Mr Brian Crozier (December 19) for the abandonment of any harassment which may be imposed on the Chogyal of Sikkim and his family. No one who has visited Sikkim can fail to be impressed by the manner in which the ruling family devote themselves to the wellbeing of the people, and seek to cooperate as closely as possible with their powerful neighbour in the south. It is hard to understand why the attitude should not receive due recognition from a government with the reputation, and the prestige of the Government of India.

Yours faithfully,
ALEC BISHOP,
Combe Lodge,
Beckley,
Sussex.

The Star of Bethlehem

From Dr David Hawkes

Sir, If the star, believed by some to have been a nova, which the chapter on Astronomy in the *Chien Han Shu* records as having appeared for seventy days in the Cowherd constellation (Aquila β , γ) in the second year of the Emperor Ai of the Former Han dynasty (i.e. 5 B.C., which was the penultimate year of the reign of Herod the Great, King of Judaea), it cannot be said that the Wise Men "followed" it in the literal sense favoured by medieval illuminators and modern Christmas card illustrators.

It seems probable that Chaldean astrologers, like their Chinese counterparts, would have associated particular constellations with particular areas of the terrestrial world; so that a star suddenly appearing in Aquila would suggest some god-making event of the birth of a god, say in Palestine. The Chaldeans would require no stellar guidance to find the capital city of Judaea.

what must be the work of the Holy Spirit, QED. Obviously this is a travesty, and no genuine Christian can see any abiding utility except in, and through the Cross.

This is the crux of the matter. For the Christian Jesus is God, the Second Person of the Holy Trinity. The "Moonies", like other non-Christians, regard him merely as a good and godly man, messiah, but an unsuccessful one. This distorted theology is a menace. Sun Myung Moon is just another false Christ (Mt 24:24). The Unification Church is causing more and more damage not only to family life, but also to the Church of Christ, the true church. (1 Cor 2:2). Either we are indeed saved by the blood of Christ or we are not. Was the crucifixion really a mistake? That is the Question. We cannot decide the answer of the Cross.

Yours faithfully,
ERIC INGLESBY,
Spring Cottage,
West End Gardens,
Fairford,
Gloucestershire,
December 22.

From the Rev Canon F. B. Hinchliff
Sir, Is Mr Manley Sale (December 23) intending to imply that those who write letters to *The Times* about the Unification Church usually have their facts wrong? Paul was surely a ten-maker not a tax-collector.

Yours faithfully,
PETER HINCHLIFF,
Balliol College,
Oxford.

Having got there, the gospel tells us, they very sensibly made inquiries at the court of king Herod. They were then directed by learned Jews to Bethlehem. Since this was the city of the hero-king David and destined in native prophecy to be the birthplace of a new Judge in Israel.

In their previous journey, the Chaldeans would have required no stellar guidance. There was a perfectly good road from Jerusalem to Bethlehem; and why should they be so accurate in their travel along it by night? Matthew III, 9-10 is inconsistent with what goes before and must be taken as a piece of story-teller's embroidery. The shepherds who watched their flocks by night come in another book and have nothing to do with the Magi. Matthew says that the mother and child they sought were found by the Wise Men in a house. Yours faithfully,
DAVID HAWKES,
All Souls College,
Oxford.

Buying books

From Dr Henry Hardy

Sir, I wish to dissent strongly from Mr Goff's counsel of imperfection (December 20). The large number of books in print provides no reasonable excuse for abandoning the ideal of supplying any individual book quickly. This is one of the prime responsibilities of any publisher who deserves to succeed. It seems from their chairman's letter of the same date that David & Charles, at least, meet this challenge for all that booksellers do not take advantage of their efficiency. I too, in my much smaller way, supply by return, and would be ashamed if I didn't. The service of some publishers is quite bad enough without the National Book League proffering such an encouragement to complacency.

Yours by return,
HENRY HARDY,
Robert Gadale, Publisher,
Wolston College,
Oxford.

Restrictions on dogs

From Professor A. W. Woodruff

Sir, Since 15 years ago my colleagues and I first published work indicating that infection with animal helminths creates a public health problem in Britain I have avoided as far as possible public controversy on this matter. As a medical scientist, it is my duty to provide the facts and to leave the public to make up their own minds on what should be done on the basis of these facts. When, however, the facts are falsified in debate in the House of Lords I believe it is important that I should correct them.

In your account (*The Times*, December 15) of the debate concerning restrictions on dogs Lord de Clifford is reported as having said that the banning of dogs from parks seemed a gross interference with the rights of the public. Second, "on the grounds of risk to public health he said there were no facts to support such grounds". Third, he stated that the main source of infection was the sucking bitch.

Regarding the first statement surely it is accepted that individuals cannot have freedom to harm others. Contamination of the environment with infective material from dogs certainly harms others and it would appear that dog owners must accept some degree of control in the public interest in much the same way as drivers of motor vehicles accept controls.

Regarding facts on contamination of public parks and children's playing grounds with infective material, the evidence is now overwhelming. Our own study of over 1000 children was published in 1973 and several confirmatory studies both in Britain and overseas have now been published.

The statement that "the main source of infection was the sucking bitch" is also grossly erroneous. Our first study of the prevalence of toxocaral infection in dogs, published in 1964 showed that 20.7 per cent of animals of all ages were so infected. Since then Dr D. E. Jacobs and his colleagues have reviewed evidence indicating that 7.5 per cent of top show dogs from all areas in Britain are infected, that 12.8 per cent of pedigree dogs and 15 per cent of breeders' and dealers' dogs are infected.

There can thus be no doubt that unrestricted access of dogs to public places constitutes a public health danger, and that those local authorities who are protesting the position for whom they are responsible are acting sensibly and ultimately in the best interests of all, both dog owners and non-dog owners.

Yours faithfully,
A. W. WOODRUFF,
London School of Hygiene and Tropical Medicine,
Medical Unit and Toxocaral Reference Laboratory,
St. Pancras Way, NW1,
December 16.

Hovercraft development

From Mr T. A. Combs

Sir, Your Shipping Correspondent's article (December 19) on the problems of the French N500 hovercraft will be of interest to those with a technical interest by many readers. We frequently read unsubstantiated allegations that our ideas are too often successfully developed abroad, to our national disadvantage. In fact, the N500 hovercraft, built in, or under licence from, Britain carry passengers regularly anywhere in the world. British companies have also benefited, not only by exports of craft, but by collaboration on military craft and the industrial use of air cushion principles, particularly in the USA and Canada.

The cooperation over 20 years between the National Research Development Corporation and industry has meant that we have avoided many mistakes and difficulties, we have succeeded in maintaining our lead. As your correspondent says: "It all comes as a pleasant surprise." Yours faithfully,
T. A. COMBS, Chairman,
Hovercraft Developments Ltd,
Kingsgate House,
66-74 Victoria Street, SW1,
December 19.

Teaching handwriting

From Mrs Basil Gray

Sir, Your Roderick Thomson wrote to you on December 8 attacking me for advocating a return to the teaching of the copper-plate style of handwriting in schools. The caption to the illustration accompanying my views, and I would like to point out that the thesis of my article was that the teaching of handwriting must be adapted to the pen which is going to be used in later life. The flexible nib required for writing copper plate is obsolete, the broad-edge pen proper to italic hand is obsolete. The pens of today are the ball-point and the fibre or plastic tip. What we need to evolve are new writing movements, a new writing rhythm, and possibly a new hold in order to make use of the great positive advantage of these pens, their easy, pleasurable movement in all directions. We write best with ball-points because we use them wrongly.

I entirely agree with Mr Thomson that what we need is clear, fluent writing. At the moment, however, the attainment of this fluency is frustrated by the current practice of teaching "print script" as the first stage in learning to write. There is no natural transition between copying printed letters and acquiring a cursive hand, and many children never get beyond the first stage: only this week I found a postgraduate student making notes forming each letter separately. He told me this was the only way he knew of writing legibly.

It is my view that the teaching of handwriting needs radical reform, based not on looking backwards—except in so far as legibility demands continuity—but in looking forwards. Yours sincerely,
NICOLETTE GRAY,
Central School of Art and Design,
Southampton Row, WC1.

CHINA'S POLITICAL ECONOMY

Without the encouragement of a favourable forecast from the OECD China is entering 1978 with confidence and energy, according to our Hongkong correspondent. The new political winds blowing during 1977 explain some of this new confidence—no more campaigns against Confucius, no further risks from shifting definitions of political sin. More tangibly there has been Mr Teng Tsiang-ping's influence in driving the economy forward with the promise of a higher standard of living. "His mind is materialistic and not idealistic", said a Chinese worker approvingly when interviewed in Peking two weeks ago. "When he says something he does it. So the Chinese people trust him."

The question is whether the new energy is being effectively harnessed in expanding Chinese industrial production. Merely to remove all the political hurdles that have got in the way of development in the past decade would do much to make 1977 figures of production much better than those of recent years. What has certainly changed are the priorities. There is probably less disagreement on these among the current leadership than on external or military matters. That means the planners will be able to look ahead

without fear of constant interference, the managers will no longer be subject to irrelevant political criticism.

One of the most urgent goals to be achieved "basically" by 1980 is the mechanization of agriculture—"basically" in Chinese usage means "have rather than provide". That date is unattainable, but the country most certainly has good reason to concentrate on its agriculture. 1977 has proved a fairly bad year thanks to all the usual causes. Unfortunately there have been far more of them—drought, floods, exceptional frosts, hailstorms, typhoons, pests—and plant diseases—added to such political disaffection as may have spread down to the communes from the agitation going on in the cities.

For the planners the failed crops of 1977 have meant importing more than ten million tons of grain for delivery in the latter part of 1977 and early 1978 and may need almost as much more, according to informed estimates, before 1978 is out. Then there are the shortages that follow improved standards. Since the October 1 wage increase, pork, chickens and eggs have been short in city markets. In a country where so many live close to subsistence, added purchasing power always goes on food. Still, it was a sign of changing times

that the *People's Daily* article noting this deficiency was entitled "Arrange city markets properly" and let people be happy.

The October wage rise was so far overdue as to arouse no criticism. But over productivity bonuses there have been objections from young Marxists. Would a new bourgeoisie not spring to life the rule "from each according to his ability, to each according to his work" were applied without scruple among factory workers, one agitated correspondent asked. Others, sharing Mr Teng's outlook, argue unashamedly that more pay will mean more productivity.

It is probably safe to conclude that the atmosphere within China's working life has much improved and labour discipline with it. By how much actual production has gone up remains questionable. For one thing the rudimentary statistics banished from China after 1960 have yet to be restored. For another, it is now admitted that normal production was only restored in March of this year, that is, to say five months after the political "turn" round following Mao's death. So 1978 will be the first chance for a year of politically unimpeded economic effort in China since 1965.

KILOMETRES ALL THE WAY

One of the most primitive pleasures of touring on the Continent is the speed with which one seems to get around. The kilometres glide by with dream-like ease. The car seems to hum with unsuspected horsepower, and the driver discovers with pride that he can eat up a hundred kilometres in scarcely more time than it would have taken him to drive 62,137.1 miles at home. Dashing abroad appears so no wonder foreigners appear so wondrous and prosperous. The Government is determined to bring the benefits of motorisation to British road users, too, as soon as possible (which seems to be within about eight years). Unfortunately, once we have become accustomed to the kilometre we shall never again experience exactly the old lift to the morale on setting forth southwards from Calais.

Visitors to Britain, however, will be permanently freed from

that sensation of driving in a bubble which is created by the reluctance of each weary mile to fall behind. Indeed, there is an external impulse behind the announcement that the Minister of Transport is to make shortly about arrangements for the change. Relinquishing the mile was one of the obligations that Britain undertook when she decided to be a popular move: many people become greatly attached to the units of measurement that they have dealt with all their lives, and it is tiresome being required to register, calculate, and estimate in a new measure—especially when the benefits to be expected from its operation are hard to discern.

Once the decision was taken to replace the pint with the litre, the yard with the metre and the ounce with the gramme, consistency pronounced doom on the mile. The great virtue of the metric system is its comprehen-

siveness, and there are many advantages in adopting an arrangement used by most of our international customers. The advantages directly associated with ditching the mile are slight in themselves, but the kilometre comes with the package.

Reduced inconvenience for visitors from abroad is perhaps the greatest benefit to be expected from the change. Traditional inconvenience for the British themselves must be set against it, but in practice both are likely to be slight. The cost, on the other hand is not. Signposts may perhaps be left to tell us how many miles to Babylon until the ordinary time comes round for them to be repainted, but the changeover of speed-limit signs will have to be done quickly. No figure has been named, but the introduction of bilingual road signs in Wales cost £200 a few years ago. It is not difficult to think of more urgent uses for public funds.

British arms

From Mr Geoffrey Pattie, MP for Chertsey and Walton (Conservative)

Sir, Although the effectiveness of our contribution to Nato has decreased and is decreasing despite Government denials, you were right to reply to the criticism by the *Frankfurter Allgemeine Zeitung*. To describe Britain as "the weakest link in the Western Alliance" is going a bit.

But Weinstein is entitled to catalogue our current weaknesses but when he blames Britain for not joining in the AWACS purchase, he reveals himself in his true colours.

Britain has been a pioneer devotee to the concept of airborne early warning and has operated a home produced system for over 20 years.

Britain supported the AWACS purchase but made it clear that as development work was proceeding on our own Nimrod project, a firm decision by Nato Germans who, less made. It was the concept of airborne early warning, repeatedly prevaricated at Nato ministerial meetings so that the British would be forced eventually to opt for their own system and at the same time take the opportunity for going unilateral.

Your Defence Correspondent has very thoroughly reviewed (December 22) the state of play in the tank gun contest. In this matter, both the United States and the United Kingdom are being hustled into a decision in a time frame which is entirely to suit the convenience of the Germans who have decided unilaterally which gun they want on

their new Leopard II tank due in service in 1979.

The United States requires its new tank in service around 1983 and the United Kingdom its new tank in about 1986 or 1987, so as far as these two countries are concerned, there is time for the whole project to be thoroughly assessed in a calmer manner than seems likely at present.

While one can understand the German sense of urgency given the sizable investment in the project by Rhein Metall, and while it does not give pleasure to appear to be carrying on an ally, if people like Herr Weinstein point to the moves we cannot complain if someone in turn draws attention to the beams.

Yours sincerely,
GEOFFREY PATTIE,
House of Commons,
December 22.

§ Forward bargains are permitted on two previous days

[illegible]

John Foord
CHARTERED
SURVEYORS

THE TIMES

BUSINESS NEWS

John Foord
PLANT AND
MACHINERY
VALUERS

Post Office on course for another year of record profits

By Maurice Corina

The Post Office Corporation, which has already been required by the Price Commission to return more than £100m in excess profits to telephone subscribers, is again heading for a big surplus in its current financial year.

Yesterday speculation that the figure might be as high as £450m, based on the trend indicated by preliminary internal accounts for the first six months from April to September, drew a cautious reaction from the corporation.

A spokesman said it was too early to start talking about the surplus in specific terms. Forecasts were constantly being revised in the light of internal monitoring of results.

What could be said was that there would be no question of excess profits and a figure of £450m was as a projection, much too high.

In its last financial year the corporation made profits of nearly £400m but this was cut to £231.3m after the Price Commission intervened on telephone profits.

Significantly, the corporation yesterday confirmed that the telecommunications side of its business was on its profit target set by the Government (a real rate of return of 6 per cent from the years 1976-77 to 1978-79).

This would indicate a massive surplus before interest but after historic and supplementary depreciation.

It would indicate a figure of £400m on the present accounting basis, but the overall profits of the corporation are determined also by the performance of the postal side, which may not break even in spite of the big rise in Christmas mail.

The corporation has to earn a substantial profit on its telephone services to pay for the heavy investment programme required to improve the service.

Any excessive sum earned above its statutory financial target in the year ending next March will clearly be looked at by the Price Commission.

A year ago Mr Varley, Secretary of State for Industry, set the present financial target on the understanding that the corporation would avoid further price increases until March, 1978, at least.

Earlier this month, Sir William Barlow, the new Post Office chairman, said he hoped that the communications side of the corporation could be extended beyond next spring, which would mean that they had been steady for 24 years.

The corporation's problems



Sir William Barlow: Post Office chairman

now centre on the postal business which last year after previous price rises, recorded a profit of £24m, ending a run of eight loss-making years. The size of the future wage bill is not known, and this could disrupt forecasts for breaking even on the postal business.

The Union of Post Office Workers, most of whose 201,000 members work on mail services, has still to negotiate a pay claim, which could range from 5 per cent just to consolidate previous wage supplements to well beyond 10 per cent.

Although Mr Tom Jackson, the general secretary, has warned his members of difficulties in negotiating a deal as envisaged by the union's annual conference, the leaders are still under an instruction to press for a claim that protects living standards, provides for consolidation, and ends anomalies between postmen and other corporation staff.

A union spokesman said yesterday that if reports of another big profit were true, the union would have great difficulty persuading its members to accept a pay award, due to date from the beginning of 1978, within the Government's guidelines.

From January 1 the Post Office is due to begin a two-year experiment in industrial democracy with the appointment of worker directors to the boardroom alongside several consumer representatives and a team of full and part-time members.

Financial matters are to be taken over by Mr Frederick Waterhouse, a senior ICI accountant.

Mr Carter selects new chief of Fed

From David Cross

Washington, Dec 28

President Carter has chosen Mr G. W. Miller, president of Textron, to replace Dr Arthur Burns as chairman of the Federal Reserve System.

Dr Burns, aged 73, has been chairman since 1970 and an economic adviser for every President since Mr Eisenhower.

But he has come under increasing fire from liberal Democrats, led by Senator William Proxmire, of Wisconsin. They contended that the policies he practised drove interest rates up—abetting both inflation and unemployment.

Dr Burns, while being replaced as chairman, will remain on the board if he chooses to until 1984. His term as chairman runs out on January 31. He recently indicated he would remain a member of the board, even if replaced as chairman.

Mr Miller has been a director of the Federal Reserve Bank in Boston for six years.

At the age of 52, he will head the seven-member panel, which has the power to counter the economic policies of both the White House and Congress.

Dr Burns has been at odds with some of President Carter's policies, particularly in the area of tight money. However, he has been a favourite of the business community and strongly indicated that he would like to remain at the helm of the Federal Reserve.

The President has been looking for a replacement able to satisfy the business community, which has been enthusiastic with his Administration's policies thus far.

Mr Miller, a native of Sapulpa, Oklahoma, has served as chairman of the Conference Board, an influential business group with headquarters in New York. A lawyer, he joined Textron, a conglomerate, in 1956 as vice-president.

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EEC has right to investigate capital restructure of state steel

Brussels may vet BSC financing

By Peter Hill

Reconstruction of the finances of the British Steel Corporation, which could form part of the measures to stem the corporation's huge losses may be investigated by the European Commission.

The corporation, which lost £201m in the first half of the year, is expected to record a loss of at least £500m for the full year. Mr Varley, Secretary of State for Industry, is expected to announce measures designed with the crisis, which have been agreed between the BSC and trade unions, towards the end of next month.

Under the terms of the Treaty of Rome, the European Commission has the right to investigate the financing of the state steel industry.

Article 134 of the treaty states: "During the five years following accession the Commission will examine with the governments concerned whether existing measures arising from provisions laid down by law, regulation or administrative action in force in the new member states, which had the effect of restricting the free movement of goods, have fallen within the

scope of article 67 of the ECSC Treaty, could by comparison with the measures in force in the original member states, give rise to serious distortions in conditions of competition in the coal and steel industries whether within the Common Market or in export markets."

So far there has been no investigation, but a financial reconstruction could set off such an inquiry. The issue has been raised by the Select Committee on Nationalised Industries, which spent 13 months investigating the affairs of the BSC. Their report is to be published early next year.

In the penultimate session of the committee, Mr Joel Barnett, Chief Secretary of the Treasury,

1978 will be for the British Steel Corporation a year for survival. Our customers will be tempted to go elsewhere for cheaper, better, more reliable steel. We have to convince them that we can improve our performance to meet their needs. If we fail to do that we are in real danger. If we succeed, no job would be safer.

Sir Charles Villiers, chairman of the BSC, in an end-of-year message in the corporation's newspaper Steel News.

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Sir Charles Villiers, chairman of the BSC, in an end-of-year message in the corporation's newspaper Steel News.

scope of article 67 of the ECSC Treaty, could by comparison with the measures in force in the original member states, give rise to serious distortions in conditions of competition in the coal and steel industries whether within the Common Market or in export markets."

So far there has been no investigation, but a financial reconstruction could set off such an inquiry. The issue has been raised by the Select Committee on Nationalised Industries, which spent 13 months investigating the affairs of the BSC. Their report is to be published early next year.

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City fears over ECGD transfer plan to Cardiff

By Derek Harris

Exporters and other companies with extensive business abroad are becoming increasingly alarmed at the possible effects of a plan to move from London to Cardiff the underwriting division of the Export Credits Guarantee Department.

The London Chamber of Commerce and Industry, which has been receiving an increasing number of complaints from members about the proposal, yesterday gave warning about a possible "dilution of expertise" in the ECGD underwriting division. This is because, faced with a move away from London, a number of ECGD underwriters may be forced to opt in or out of the early retirement.

The chamber is also worried that there could be a loss of personal contact between underwriters who go to Cardiff and the company executives, insurance brokers and other in the City who would normally be involved in arranging for the various forms of export cover.

It is important in our view that the transfer should be carried through on a face-to-face basis, a chamber spokesman said yesterday. "Although some senior underwriters will be leaving the City, the City may not cope with the situation and delays could build up."

Under the ECGD plan some 850 staff would be expected to move to Cardiff between 1979 and 1981 as part of the relocation of the comprehensive guarantee division. This would include the majority of the underwriting staff. Other divisions are also to be relocated.

A strong protest against the proposed switch is expected to be the first job tackled by an export finance panel, just set up by the chamber.

The panel, whose chairman is Mr Jim Rooke, former chief executive of the British Overseas Trade Board and now a senior executive of the City, is expected to give industry a more effective voice in discussions on financing trade.

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Platinum price increased for second time in month

Rustenburg, the free world's largest platinum producer, yesterday announced an increase in its producer selling price from \$175 to \$180 (about £100) an ounce, the second rise in a month.

The move follows Impala Platinum's decision just before Christmas to overrule Rustenburg's earlier increase by raising its selling price a full \$18 to \$180 an ounce.

With the strength of the pound, the minimum sterling selling price remains unchanged at £56 an ounce.

These latest rises in the producer price follow increasing strength in the free market in London, where prices nudged the £96 level a week ago, compared with the free market's marked weakness over the past year.

Prolonged weakness in demand for platinum has led to serious problems for the two main producers, Rustenburg and Impala, with lower profits forcing them to cut their dividends.

Rustenburg has also reduced production by 20 per cent.

IATA watches low fares

By Arthur Reed

Traffic and financial projections for 1978 and airlines look to an improvement, but precise forecasts were being rendered difficult by the continuing experimentation with low fares on the North Atlantic. Mr Knut Hornum, IATA director general of the International Air Transport Association said yesterday.

It remained to be seen to

what extent a new, previously unimagined market would emerge, or whether these fares merely diverted traffic from other types of fares.

In the world of international aviation, it was easy to overlook the fact that air transport was not only a public service, but also an important element of a wider system of international trade and economic relations.

Emphasis on strong dollar

Washington, Dec 28

Mr Henry Wallach, a governor of the Federal Reserve Board, said here that "United States interest in a strong dollar is undeniable". Nevertheless it would be a "mistake" to say that this interest should be measured by the scale of American intervention in the exchange markets, he added.

Mr Wallach, who was speaking at a luncheon in New York of the American Economic Association and American Finance Association, said official American intervention in recent weeks had been adequate to meet the degree of disorder in the market.

Microelectronics may gain £50m support

By Kenneth Owen

Technology Correspondent

It was confirmed yesterday by the Department of Industry that a plan to provide development grants for the microelectronics industry is being discussed with manufacturers and users.

The intention is that the Government and the industry should share the cost of the programme, which might total about £50m. The companies involved include Ferranti, GEC, and Plessey.

Previous governmental attempts to rationalise or to co-ordinate the microelectronics industry have not succeeded. Now the importance of large-scale integration (LSI) and very large scale integration (VLSI) in microelectronics is such that the world's leading semiconductor companies—namely American, Japanese and European—can exert a dominant effect on the products of electronic equipment companies.

These circuits can contain the equivalent of tens of thousands of transistors, and are at the heart of many of the latest developments in computers, communications, business and industrial equipment and many kinds of new electronic products.

Early this year the Government announced a £20m scheme to support the electronic components industry over a wide range of products including microelectronics. The proposed £50m scheme will be in addition.

The scheme was devised by the Department of Industry.

Six-month reprieve for Hull municipal phone service

In brief

The Post Office proposes to renew for six months the licence under which Hull Corporation operates the only municipal telephone service in Britain. The final agreement on the long-term future of the service has not yet been reached with the Department of Industry.

Any long-term renewal is subject to the consent of Mr Varley, Secretary of State for Industry.

Last October the Post Office Engineering Union said most unions within the Post Office are agreed the network should be incorporated within the Post Office system.

US oil groups face overcharging action

In Washington, US Department of Energy sources said the agency will claim during the next few weeks that a number of big oil companies overcharged their customers.

The agency yesterday claimed that Exxon Corporation overcharged buyers of crude oil from two fields in Alabama and Florida by \$70.8m (£37m) between March 1974 and December 31, 1976. This is the first action taken since the Government announced it planned a major audit of oil company activities.

Mowlem in £7m deal

A £7m contract for a construction wharf in Abu Dhabi has been awarded to Al Que

beisi-Mowlem, a joint company formed a year ago by the London-based group and its local partner to handle building and civil engineering work in the emirate. About 200 men will be employed on the work which is for the Abu Dhabi National Oil Company.

Aid for £13m orders

British industry benefited by about £13m in November from orders after grants and loans to developing countries made by the Ministry of Overseas Development under the aid programme and administered by the Crown Agents.

Among the largest contracts accepted for financing was one worth £13m from Vauxhall Motors to supply Bedford chassis to Bangladesh and one worth £59,000 from British Leyland International to supply Land Rovers for Afghanistan.

N Sea move by Agip

Agip of the state-owned ENI group has, for the first time, become an operator in the North Sea with the award of an exploration permit for block 33/6 in the Norwegian sector. Agip has 20 per cent in the consortium, in which the other partners are Deminor (20 per cent), of West Germany, and Statoil, the Norwegian state company.

How the markets moved

The Times index: 207.76+2.12
The FT index: 490.4+6.7

Rises			
Beecham	10p to 690p	Norwest Holst	6p to 79p
Boots	6p to 231p	Pink In	1p to 91p
Brent Chemicals	13p to 198p	Rio Tinto Zinc	5p to 183p
Creflon Hedges	3p to 30p	RKT Textiles	5p to 54p
Gen. 1 (Hawley)	7p to 83p	Seymour	3p to 38p
Glaxo	5p to 70p	Tube Invest	16p to 360p
Fisons	8p to 368p	Turner Curzon	1p to 10p
Glaxo	17p to 607p	Venestatesp	20p to 243p
Horizon Milk	5p to 70p	Warrieston T.	3p to 38p
Lithium	81p to 520p	Western Areas	10p to 153p
Morris & Blakely	6p to 52p	Winkfield	24p to 547p

BY THE FINANCIAL EDITOR

The omens for 1978

Investors could hardly have wished for better times than they have experienced in the past three years and, given the normal cyclicality of stock markets, might now justifiably question whether equities can go anywhere other than down in 1978. The omens are not particularly auspicious.

First the coming year will almost certainly see a general election. This will be unsettling because the City is by no means agreed that a change of government now is desirable. The issue of pay policy in 1978-79 is going to be a central one for the market. It is evidently going to be even harder to achieve a further year of wage restraint than it has been in 1977, and doubts are widely felt about whether a Conservative Government could obtain the necessary cooperation. In the meantime there is always the question of whether pre-election politics will dictate a give-away budget of unwelcome proportions.

The other worries are of a more widespread economic nature, the basis being that worldwide growth will continue to be sluggish and that even such momentum as there is—chiefly in the United States—will be petering out as the year progresses. The mood towards greater international protectionism already tentatively apparent, could well strengthen at that stage, with profoundly adverse effects upon many of the blue chip multinationals which are so important a factor in the equity market.

This will mean a further year in the wilderness for overseas-oriented stocks which will, in any case, suffer from the strength of the pound—assuming it holds present levels—and inflation which, although falling, will still be higher than that of many of Britain's leading competitors.

For companies operating primarily in Britain the outlook is by no means so disturbing, and corporate profits growth overall should exceed the rate of inflation. Rising real wages will mean increased consumer spending, and retailers who have been running down stocks in the second half of this year will have to begin building them up again. In due course this should feed back to suppliers of capital goods.

But there is almost no chance of this being achieved without an upturn in interest rates, and it is here that the chief worries for equities reside. In the short-term, interest rates could still come down. The money supply is more tightly under control than seemed likely two months ago, the pound continues strong, there is greater optimism about wages and there is a real chance that Minimum Lending Rate could fall by a notch early in the New Year.

Larger rates could fall much more, and a good rally for gilts should mean a strong early showing for equities, especially since institutions have recently been building up their year-end liquidity and may therefore be in more of a spending mood.

Whether or not there is a rally of sufficient proportions to penetrate the 549 high on the FT index, however, it seems certain that at some point in 1978 the build-up of economic momentum will edge rates higher, and as gilts run out of steam equities seem likely to follow suit. During the summer we recommended some lightening of equity portfolios, and any run-up in the equity market in the coming weeks should therefore be taken as an opportunity to reduce holdings further.

Markets in 1977

Gilts lead the way

If the equity market is a barometer of expectations about the performance of the economy at large a year or eighteen months ahead, then 1977 must surely go down as the year when financial markets generally over-reached themselves. For despite the fact that the economy has shown a considerable turnaround from the despondency that prevailed a year ago in the wake of the International Monetary Fund visit, there has been little or no evidence of any real breakthrough on the problems of productivity, low capital investment and so on that have beset the United Kingdom since the war even with North Sea oil revenues starting to come through to vindicate the show of strength in the equity market.

What has been most striking is the way equities have paid even closer attention than usual to the factors that have obsessed the gilt market in the past year—sterling, the money supply, the balance of payments—rather than dwelling on the more familiar indicators of the health of the corporate sector. Such issues as industrial production, wage settlements and the like have tended only to loom large, for instance during the autumn, when the outlook for interest rates was seen to be increasingly cloudy and gilts, too, were going significantly weaker. But while the key to the market's recent downswing from a September high of 549.2 to a November low of 457 lay in growing worries about interest rates, equities have been seriously unsettled by the deteriorating trend in corporate profitability.

Meanwhile, the extraordinary showing of the gilt market—up by almost 30 per cent during the year with individual stocks rising by as much as half—has almost entirely due to the light that has begun to shine at the end of the economic tunnel, and in particular the growing conviction during the year that the Government would not allow anything to upset its monetary targets. As it is, the government has had to keep gilt sales moving briskly ahead to avoid losing control of the exchange rate by keeping an unprecedently steep yield curve for most of the year.

Sector performance

Emphasis shifts to the UK

For maximum benefit from 1977's 36 per cent rise in the FT index the year's most perceptive investor would have been at his most active around May or June. That would have been the point at which he would have spotted the tide turning away from the exporting manufacturers to the United Kingdom-oriented companies with the emphasis on retailing.

The switch in sentiment has been so pronounced that as our table shows, the year has ended with no less than seven out of the top ten equity sectors having home consumer spending leads.

The market has thus reached the third stage of a cycle that began in 1976 when pessimism about the domestic economy led to sectors with large overseas assets and earnings being favoured. The fall in the

SECTORS			
Best performers % change		Worst performers % change	
Shipbuilding	+175	Wires and ropes	+0.4
Plant hire	+162	Mines	+3
Mail order	+124	Tobacco	+11
Hire purchase	+115	Chemicals	+12
Construction	+106	Oils	+13
Radio and TV rental		Floor coverings	+15
	+106	Engineering holdings	+19
		Cos	+19
Furnishing stores	+100	Shipping	+19
Domestic appliances	+98	Quarry products	+19
Motor distributors	+97	Special steels	+28
Footwear	+86		
Source : Data STREAM.			

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point began the second stage with a switch to exporters and the subsequent strength of sterling has heralded the third stage with its United Kingdom emphasis.

This tendency has been reinforced by a mass of inter-related factors: the firm belief in a 1978 consumer boom fuelled by higher disposable incomes; the relative strength of the United Kingdom against the background of a slack world economy; the promise of a North Sea oil-assisted balance of payments surplus; and the precipitous fall in interest rates.

This last element has lately fed through into the property sector, though, as with the takeover-inspired strength of investment trusts, the run has come too late to push them into the top ten.

The investment message from all this is by no means simple, though it seems fair to argue from the overwhelming prevalence of consumer-related sectors at the top that the swing may have gone its full course.

At the other end of the scale there seem to be few bright spots in 1978 for those among the worst performing sectors which have particular dependence on the level of world trade. More promising, however, is the outlook for some financial companies, notably banks, which until recently have been among the worst performers but are now picking up on hopes of higher interest rates.

Economic notebook

It doesn't necessarily follow...

Perhaps the most attractive promise which any politician can make in economic policy is that he will "balance the budget".

President Carter, whose first 11 months in the White House have been an interesting mixture of caution and commitment to growth, says that he will achieve this target by 1981.

Few other governments would set themselves such a task at present. The past few years have seen a remarkable transformation of public sector finance, which most of us still find difficult to fit into our frame of thinking.

The size of the government deficit has grown enormously, both in absolute terms and as a proportion of gross national product. Yet at the same time traditional economists of what might be called the Keynesian or neo-Keynesian school seem to be advocating even larger deficits to stimulate demand.

The question which can reasonably be asked by anyone who is worried about the extent to which an increase in money supply fuels inflationary expectations is whether such an increase in public sector deficit can be supported without a corresponding supply getting out of control.

This is not a specifically British problem, though our intense parochialism tends to make us look on it as such. In fact, there have been sharp increases in the size of the public sector deficit in all major western countries since the recession became severe.

In none of these countries is the link between increases in the public sector deficit and uncontrolled growth of the money supply even remotely established.

Worries about the size of the public sector deficit really boil down to one problem. Either the increase in public borrowing will "crowd out" borrowing by the private sector, thus making it difficult or impossible for companies to borrow in the financial markets, and leading to a reduction in private sector activity; or there will be no crowding out in the short term because governments will simply print money to cover their deficits, thus leading to inflation.

A recent study by the Organization for Economic Cooperation and Development* ought to be required reading for anyone concerned to debate these issues. It shows in aggregate terms that anecdotal evidence in recent years has made very plain in the United Kingdom: that what has been lacking in financial circles is not the potential supply of funds for companies, but the demand.

It is this that explains the fact that in most countries a sharp increase in the proportion of government borrowing raised outside the financial sector was accommodated in 1975 and 1976 without a similar increase in the level of interest rates. Indeed, interest rates remained in real terms either very low or negative at that time in most countries.

Exceptions

There were exceptions, of course, such as the financial crisis of 1976 in the United Kingdom, when minimum lending rate had to be raised to 15 per cent. The striking thing about this experience in retrospect is how hard it is to explain in terms of underlying forces.

During the late summer of 1976 and the early autumn of 1977 the sterling was under severe pressure, and the rate of public borrowing was slowing down, and a sharp increase in public borrowing was turning out to be much lower than any previously published forecast. The fact that inaccurate assessments prepared within the Treasury and outside it caused fears that money supply would get out of control is more a comment on the market than on the real impact of government borrowing.

It suggests that what matters

is not the real level of government borrowing, but what people think the level of government borrowing will be.

This is not to say that "crowding out" cannot occur, because clearly it can—in circumstances where both the government is trying to run a large deficit and the corporate sector is trying to borrow large sums for its investment programmes. Such a pattern of events has not happened in the past few years, however, and it looks a fairly remote possibility in the years to come.

One reason for this is that the circumstances which produce deficits for the government will automatically tend to reduce investment by companies. The public sector deficit of recent years is in part the product of a automatic changes caused by recession, such as the fall in tax revenue and the increased outlays on payments such as unemployment benefits; and in part the deliberate introduction of programmes designed to maintain the level of activity.

If these elements were removed, the "high employment" budget balance in many countries would be shown to be in surplus. So if investment by companies had to raise more funds there would be an automatic tendency for the public sector borrowing need to shrink, thus removing the tendency to crowd out.

That, however, is an argument about equilibrium in the long run, and, however convenient such arguments are as a way of avoiding difficult questions about what is happening now, it is not enough to answer all legitimate doubts.

Doubts

These are that the low and fairly stable pattern of interest rates may have been bought at the price of expanding the money supply to accommodate the public sector deficit. Whether this expansion took the form of domestic credit creation or of inflows of money from abroad into the domestic monetary system would not matter to this argument: the important question is whether it has occurred in recent years and whether it is likely to occur in the near future.

On this question, too, the evidence gives little cause for some of the more extreme concern which has been voiced. If very narrowly defined money, such as reserve money, is the worry, then the figures show that the bulk of recovery in fact been assuming much of the burden of government debt financing.

Public sector deficits reached their highest level in 1975 and have been falling since, first through the efforts of British industry, which pressed hard for British entry, comments: "Our trade balance suffered from the effects of the fall in sterling on the export of imports from the Community, which at first any corresponding improvement in exports, but these are

Yet of the five countries joined to the OECD, only the United States and Japan continue to a large extent in those years to finance their government deficits and even these figures are distorted by technical factors. The overwhelming majority of the countries which have joined the OECD since 1975 have not come either from commercial banks or the non-bank sector.

This, of course, affects the broad money supply. Yet even this measure grew more slowly in 1976 than in the highest public sector deficits, and it did in 1977 when the deficits were far smaller.

No one should think because of this that a government can finance its deficits without large, without facing any problems at all on the money supply or interest rate front; but it does show that the link between government deficits and uncontrolled growth of money supply is not as straightforward as many people would have us think.

David Blake

* Public sector indebtedness and government financing: OECD Economic Outlook, December 1977.

Industry still waits for the EEC benefits

On new year's eve the transitional period of Britain's membership of the European Community will end.

For trade between the new member states (Britain, Denmark, Ireland) and the original partners the period of transition for custom duty purposes will be over for all goods from January 1. Products originating in one country, or goods from third countries placed in free circulation in one member state, will now be free to move throughout the Community with out incurring any further customs charges.

At the same time Britain surrenders to Brussels powers to act against dumping of industrial goods. The right to take certain forms of emergency economic action without consultation disappears. There are other provisions concerning the common agricultural policy which are also covered by the complex stages of accession.

For British industry and services, membership has been an overwhelming experience during the years of transition. Corporate lawyers and managers of all kinds have been plunged into examination of directives of every shape and description. There is one overriding impression. Entry into the Community has not galvanized our industry as many enthusiasts, including this author, had hoped. Yet it has given us the right environment for expansion within an enlarged market place.

Divergences between the economies of member states have been exacerbated by the rise in oil prices which coincided with enlargement of the Community.

Gaps in performance between various states are evident in rates of inflation, which over the period 1974-77 have ranged from 25 per cent to over 100 per cent, and growth from less than 1 per cent to more than 10 per cent.

Unemployment has mounted steadily to around six million. If there was one major single advantage held out to industry as flowing from Community membership, it was in the matter of expanding trade. The facts are salutary. Analysis of our balance of trade with the Community shows a substantial deficit, even if the decline in Britain's share of European Community imports between 1963 and 1972 appears to have been partly arrested.

However, in the first half of this year the trade deficit, at £276m on a seasonally adjusted basis, was at its lowest level since the second half of 1973. Further, the value of exports from Britain to the Community, while a little under 37 per cent of imports, was the highest since the second half of 1971.

The Confederation of British Industry, which pressed hard for British entry, comments: "Our trade balance suffered from the effects of the fall in sterling on the export of imports from the Community, which at first any corresponding improvement in exports, but these are

amounts" which do a similar job, but only as far as trade has been distorted by the existence of lower prices in Britain during transition.

The effects of the impact of transition have always been clouded in Britain by the simultaneous presence of these two mechanisms which kept farm prices down in this country. It has been especially galling for farmers since it had led to a subconscious assumption, which has spread as far as the House of Commons, that the agencies which British agriculture has been especially green pound will somehow cease at the end of 1977.

The responsibility of the nation at the end of transition does not go beyond the alignment of its prices and pricing institutions with the free intra-Community trade demands of the common agricultural policy. There have been several changes in Britain, such as the introduction of the new system of price fixing by ministers are replaced by contracts between growers and the Potato Marketing Board.

Farmers' unions, the Potato Marketing Board and the Seed Northern Ireland have proposed a new system in which guaranteed prices fixed by ministers are replaced by contracts between growers and the Potato Marketing Board.

Although the common agricultural policy has not yet been cleared up, the pricing and marketing arrangements within the Community will not tolerate national measures that prejudice free trade in farm products. Farmers have known since the EEC joined the EEC that the potato marketing scheme would have to change.

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Mr Silk, Minister of Agriculture, Fisheries and Food, said early this month: "There are quite a lot of farmers who do not understand that the guarantee arrangements end on December 31. I must make it clear that with the ending of the guarantee arrangements, ministers will no longer be fixing the precise level of producer returns."

What producers get will depend on what prices the boards actually manage to obtain from the liquid and manufacturing markets.

The preservation of market boards has been the most hotly-debated issue arising from the end of transition which has been debated by farmers this year. The most passionate advocates of British membership of the EEC have been equally passionate in opposing abolition of the milk marketing scheme and the boards.

Brussels, having acknowledged the value of the boards, has found a way to preserve their most important functions while keeping faith with the Treaty of Rome.

The effect of the final transitional step on cereals-based products is likely to be small since market prices are mainly above support prices.

The effect on fruit and vegetable products and on milk will be no less simple. Tariffs on intra-Community trade in some fruit and some salad

now beginning to increase significantly.

In July tariffs on virtually all products ceased to exist for trade between the nine partners and at the same time industrial tariffs with European Free Trade Association (Efta) countries were ended.

Not all is gloomy. Britain has gained from the regional development fund and the European Investment Bank, the latter now about to add to its support for public sector developments by helping private enterprise investment schemes under a largely British initiative.

Britain's share of the development fund indicates, a net gain, after the double bookkeeping of paying in and taking out. Europe has looked benevolently on our state aid for sectoral modernization under the Industrial Strategy, and even if now written about the Polish ship-building deal.

Other gains are the active involvement of once sceptical trade unions in the framing of employment and social policy. Recognition of the problems of youth unemployment and a better written about the Polish ship-building deal.

What is clear is that the final year of transition has been a disappointing one. The gross domestic product of the Community will probably have risen, only 21 per cent in real terms, against 4.7 per cent in 1975. Fighting inflation and dealing with external payments problems have taken up much of the preoccupation of each partner.

Next year, something like a 4 to 4½ per cent growth in real gross domestic product will be needed by the Community to ease unemployment. It requires the partners to "pull together", believing that the mutually agreed economic policies will help each other along until there is a resurgence in world demand.

The ability to have another year of transition in the year of industrial policy. The job of the steel crisis is as a test of Europe's ability to act decisively as any other single problem. Harmonisation of tax, free competition regulations, guidelines on employment policy, and all the rest, from promoting common technology to eliminating obstacles to investment, yield a picture of a year in which can be found examples of progress or stagnation.

Transition may be over, but Britain has yet to seize the advantages which were promised. Next year will be a year in which the next five years should see a strong and confident United Kingdom industry able to afford the structural changes so frequently pressed upon it from Brussels and elsewhere.

As far as investment is concerned, there has been no dynamic surge in British development in Community markets.

Quite what success there has been in trade policy is difficult to judge. The policy of "no export subsidies" has been a deliberate act of policy, and it is therefore not surprising that we should have started at a disadvantage, argues Mr Edmund Dell, Secretary of State for Trade, who believes that in trade policy terms membership has been of great advantage.

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with some notable exceptions involving companies which are not yet active in setting up sales-producing investments in Britain.

Not all is gloomy. Britain has gained from the regional development fund and the European Investment Bank, the latter now about to add to its support for public sector developments by helping private enterprise investment schemes under a largely British initiative.

Britain's share of the development fund indicates, a net gain, after the double bookkeeping of paying in and taking out. Europe has looked benevolently on our state aid for sectoral modernization under the Industrial Strategy, and even if now written about the Polish ship-building deal.

Other gains are the active involvement of once sceptical trade unions in the framing of employment and social policy. Recognition of the problems of youth unemployment and a better written about the Polish ship-building deal.

What is clear is that the final year of transition has been a disappointing one. The gross domestic product of the Community will probably have risen, only 21 per cent in real terms, against 4.7 per cent in 1975. Fighting inflation and dealing with external payments problems have taken up much of the preoccupation of each partner.

Next year, something like a 4 to 4½ per cent growth in real gross domestic product will be needed by the Community to ease unemployment. It requires the partners to "pull together", believing that the mutually agreed economic policies will help each other along until there is a resurgence in world demand.

The ability to have another year of transition in the year of industrial policy. The job of the steel crisis is as a test of Europe's ability to act decisively as any other single problem. Harmonisation of tax, free competition regulations, guidelines on employment policy, and all the rest, from promoting common technology to eliminating obstacles to investment, yield a picture of a year in which can be found examples of progress or stagnation.

Transition may be over, but Britain has yet to seize the advantages which were promised. Next year will be a year in which the next five years should see a strong and confident United Kingdom industry able to afford the structural changes so frequently pressed upon it from Brussels and elsewhere.

As far as investment is concerned, there has been no dynamic surge in British development in Community markets.

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Motoring

Thoughts on a bleak year for Leyland

Two days away from the end of 1977 it is time to look back on another motoring year, to leech praise, to hurl bricks and to hope that in 1978 everything will be better.

The tragedy of the year has been the performance of the British motor industry, coupled with the name of Leyland. Two weeks ago Mr David Plowman, president of the Society of Motor Manufacturers and Traders, got up at a banquet and said that the industry was bleeding to death. And who can disagree?

It was refreshing to see what was called "labour relations problems" - or, in plain language, strikes, most of them unofficial, often directed as much against the official union leadership as against the company. The management pay policy has hardly helped.

The upshot has been the consistent failure of British factories to produce enough cars and foreign makes have naturally seized the opportunity, making 43 per cent of the market. This much-acclaimed Rover has been one of the saddest victims. In one dreadful month only three were completed and a fine car found itself being outsold on its home ground by Continental competitors such as the Audi 100.

Leyland, like a football club struggling to avoid relegation, has brought in a new manager, but whether the arrival of Mr Michael Edwards will of itself work miracles is doubtful. So far he has instigated yet another management shake-up and yet another review of future model policy. Meanwhile morale is said to be less than buoyant and the company continues to perform far short of its capacity.

The first of the year has been the Aston Martin Legend, the one with the futuristic instrument panel. The car was first announced at the London Motor Show in 1976 at a price of £24,570 with production promised for the spring. Twelve months later the car was shown at the Motorfair at a price of £32,619 with production promised for the spring. Someone has been pulling someone's leg.

The worst new car of the year - of any year - was the Skoda Enelle, with unbelievable bad handling for a vehicle made in the late 1970s. The policy of criticism, which even the Department of Transport eventually supported, has produced promises from Skoda of substantial improvements.

The best new car of the year - a tentative judgment since I have driven it fairly briefly - was the Peugeot 305, a medium saloon which will arrive in Britain in the spring. It may not represent any great breakthrough in styling or mechanical design but it does everything so well and is a thoroughly refined and enjoyable car. I found it difficult to fault.

The most surprising new car of the year was the Volkswagen Derby, a two-door saloon version of its little Polo. Surprising, because according to motor industry orthodoxy any small car must be a hatchback - in other words, have a door at the back and a folding rear seat so that maximum use can be made of limited space.

But Volkswagen's market research

The front-wheel drive Colt Mirage which will be introduced to Britain late in 1978. It has 1.2, 1.4 and 1.6 litre engines.

suggested that the German motoring public, at least, was far from convinced; many people, it emerged, still wanted a conventional three-box car with a separate boot. The success of the Derby has borne this out and it is currently cancelling the Polo in the ratio of five to four. More about the Derby, including a road test, when it makes its British debut next month.

The most irrelevant cars I drove in 1977 were the Dino Ferrari and the Aston Martin V8. Exhilarating on the open road when the police were not looking, they are otherwise totally unsuited to the motoring climate in which, for better or worse, we live. What on earth is the point of 150 mph maximum speeds when there is virtually no way that they can be legally used?

I was talking the other day to Sir David Brown, who used to own Aston Martin, and he said that if he were designing a new sports car he would go for something much smaller and more economical, like the Fiat X1/9, perhaps, which for sheer fun best anything I have tested in the past 12 months.

The most intriguing model news of the year was that the Soviet Union is to build a supermini - Ford Fiesta - Polo lines in the early 1980s. It will apparently be a Russian design and not a modified Western car, like the Lada-Cum-Fiat 124. The Soviet car industry may be small by world standards but if they put their minds to the supermini, the Russians could surprise us.

Finally, the award for inertia must go to the Department of Transport for failing to implement road safety measures which would save thousands of lives and serious injuries. I refer to compulsory seat belt wearing and tougher laws on drink and driving as recommended by the Blennerhasset committee in a report published in April, 1976.

Things to come

Unless I have misread the tea leaves, 1978 is unlikely to be a vintage year for new models from the British car industry. Leyland has one or two variants up its sleeve but the next major new car is the Mini replacement which will not appear until 1979-80 at the earliest. However, the company's new management may decide that the greater need is a new medium car, in which case the 1.1, 1.6, replacement for the Allegro, Marina and Dolomite could be brought forward.

Ford has changed its range completely in barely three years, as well as adding a model, the Fiesta. So far the new models are unlikely for a while. Facelifts, though, can never be ruled out and on grounds of seniority the Capri would seem to be the leading candidate.

Vauxhall's model range has to be looked at in the context of what its sister company, Opel, is doing in Germany. Already the Opel Kadett and Ascona have latched the Vauxhall

Chevette and Cavalier and it is a fair guess that the revised Rekord, announced in the summer but not yet in Britain, will turn up at Luton as a Vauxhall replacement. It could happen in 1978.

Of the British "big four", Chrysler will provide the main interest, though not with a car made in Britain. The Horizon, an eventual successor to the Simca 1100 and using the same engines and mechanical layout, is a small, medium five-door hatchback with some family resemblance to the bigger Alpine. It goes on sale in France next month and will reach Britain in the autumn.

Meanwhile, a version of the Horizon is also being made by Chrysler in the United States under two names, Plymouth Horizon and Dodge Omni. It is claimed to be the first small American front-wheel drive car. The styling is similar to that of the French Horizon but the chassis is a 1.7 litre based on the Volkswagen Passat unit.

The other Continental car that will make its bow here during 1978 includes the Derby, Rekord and Peugeot 305. All three are aimed at the same market, the supermini, and will be launched in the early 1980s. The long-awaited Fiat 128 replacement is another car to watch for. It is likely, the Derby notwithstanding, to be a hatchback and could also appear under a Lancia badge.

New Japanese cars, apart from Honda, do not usually excite such excitement for they tend to be rather old-fashioned cars with minor styling changes. But there are signs that the industry is going for smarter and mechanically more adventurous designs. The new Datsun Sunny, for instance, looks a good deal sleeker than anything in the current range, while Mitsubishi has switched to front-wheel drive for its Western-style small hatchback, the Colt Mirage.

Metric pressures

Those who check their tyre pressures at garage forecourts should notice a gradual switch to metrication during 1978. Instead of the familiar pounds per square inch calibration, the new gauges will show a pressure of 1.8 bars corresponding to 26 psi.

Gauges will be replaced as they wear out so it could be some years before all gauges on garage forecourts are in bars. But the first metric gauges are expected to appear early in the new year.

Car manufacturers' handbooks are increasingly giving recommended tyre pressures in bars as well as pounds per square inch and the Metrication Board is developing with the garage industry simple conversion charts which will be made available to drivers.

Peter Waymark

CAR BUYER'S GUIDE

PORSCHE

WE ARE TO KEEP THE BEST SELECTION IN THE U.K. WE TEND TO SUCCEED BECAUSE WE DO NOTHING ELSE

1978 924 Lux. Auto, Metallic Green. 1977 924 Celebration. Choice of two. 1976 1.0 Turbo. Black. 1,700 miles only. 1976 1.0 Carrera Sport. Metallic Blue. 1976 1.7 911 Lux. comp. Guard Red. 1976 2.7 911 S coupe. Tangier. 1976 2.7 911 S coupe. White. 1976 2.7 Carrera Targa. Metallic Blue. 1976 2.7 911 coupe. Chameleon Black. 1976 2.4 911 E/S Targa. Choice of three. 1976 2.4 911 T. coupe. Silver and Yellow. 1976 2.4 911 E. coupe. Sport. Orange. 1976 2.4 911 T. coupe. Sport. White. 1976 2.4 911 T. coupe. Choice of five.

HUGHES MOTOR COMPANY

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